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No. 1966

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SHORTCOMINGS IN TRANSPORTATION OF CONSTRUCTION MATERIALS

Tirana RRUGA E PARTISE in Albanian Jul 79 pp 24-31

[Article by Shinasi Dragoti: "Studies Are Not Made to Keep in Desk Drawers, But To Be Put Into Practice "]

[Text] The fulfillment of the tasks stipulated by the Seventh AWP Congress for the economic development of the country, especially with the expansion of the mining industry, of construction, and of the building materials industry, the increase of agricultural and livestock production and so forth, has been conditioned and accompanied also by the transportation of a much larger volume of materials, raw materials and products. The handling of this constantly growing volume of moving and of transporting of materials, has been sought, inter alia, both by expanding mechanization and increasing the effectiveness of transportation for all types and means which it possesses.

The preparation of many studies by the transportation workers at the grass-roots and ministerial level, within the framework of the deepening of the technical-scientific revolution, as well as the work being carried out to put them into practice have served this aim. These include the study and design in the country of heavy tonnage ships, freight and passenger railroad cars, the study for the electrification of railroads, and so forth. But, among them, of special interest is the study "About some problems related to the more rational exploitation of automotive transportation."

As is known, in our country automotive transportation occupies the principal place in the entire volume of goods transportation. This is dictated by some political, social and economic factors, and by the geographic conditions of our country, which is over 70 percent mountainous. Within this framework, it should be stressed that socialism is built not only in the city but also in the village, and the fruits of this society should be tasted by the entire population of the country, wherever they work and live. Therefore, our party and the state of the dictatorship of the proletariat have pursued and pursue the policy of the development and the flourishing of the village too, entirely different from the policy of the abandonment of the village pursued in the capitalist and revisionist countries. In pursuing this Marxist-Leninist policy, the party sees the

economic and social development of the village in two principal directions, through the overall development of agriculture and through the development of industry in all the zones. Consequently, measures have continually been taken and are being taken for opening of new lands, for their systematization, for irrigation and fertilization, for the development of horticulture and of dairy production on scientific bases, and also for the discovery and exploitation of mineral wealth, for the construction of enrichment plants, the processing of mining ores in the country and other measures.

It is clear that the general economic and social development throughout our country, in the city and the village, in the plains, in the hills and in the mountains, is impossible without the simultaneous development of the transportation network. Consequently, there have been built and are being built thousands of kilometers of roads, seaports, and the means of sea transportation, airfields and so forth are being constantly expanded and modernized. As a result, capital investments which have been and are being made for these purposes, on the basis of five-year plans, occupy an important place in the entire volume of the investments called for by these plans. They have always been studied and planned rationally and according to economic criteria. But life has proven that no matter how much they may be studied, the experience and the creative thinking of our workers, the development of science, the energy and revolutionary drive of the working masses, continually create internal reserves, which, as the party advises, must be discovered and placed in the service of the economy. In this respect, the study "About some problems related to the more rational exploitation of road transportation," is quite understandable and the taking of measures to put it into practice deserves the greater attention and interest of the basic party organs and organizations, as well as of the state and economic organs.

We stress right at the beginning that the implementation of some measures called for in this study for the improvement of automotive transportation, will enable a yearly decrease of 41 million ton km of automotive transportation, without affecting in any way, transportation volume called for by the state plan, and as a result, the savings to the economy will amount to 279 vehicles, 1,827 tires, over 2.2 million liters of fuel and about 5.5 million leks.

The study shows clearly the great economic effectiveness of the building of telfers. Today, there are 34 telfers in operation in all the wood processing enterprises, from Puke, Shkoder and Elbasan to Pogradec and Korce, but another 64 can be installed, which can save the economy each year 57 vehicles, 379 tires, 410,000 liters of fuel, with a total annual savings of about 1.9 million leks, not to mention the savings in foreign currency. Calculations show that 7.5 million leks are needed to produce these telfers and to build and install them. Moreover, if we keep in mind that for each telfer built so far, an average 1.7 km of forest road construction has been avoided, then it results that the new 64 telfers would make unnecessary the construction of about 103 km of roads, which

would cost over 24 million leks, or three times more than the cost for the construction of 64 telphers. In fact savings would be much greater if we keep in mind that telphers like those of Vlore and Elbasan have enabled reduction in road transportation, respectively, for distances of 7 and 12 km.

Also of interest is the building of 27 telphers in the mining centers for chrome, iron-nickel, quartz, dolomites, kaolin, copper, coals and so forth, for the transportation of 1.4 million tons of products, with yearly savings to the state of 86 vehicles, 875 tires and 773,000 liters of fuel. Whereas, for the production and installation of telphers, only 4,8 million leks would be needed which would be recouped in approximately 22 months. To be noted is the fact that in the past, in some mines, such as that of Memaliaj, Kerrabe and in other areas, telphers have existed, whereas today there are none. And according to calculations, the effectiveness of telphers in mines is almost twice as great as that of telphers in forests.

Much greater is the economic advantage especially of telphers with a large transport capacity, such as those built recently in our country. The telpher from the Kanine rock deposit area to the cement plant in Vlore, carries 700 tons of rock daily for the needs of its plant, of the soda plant, of the PVC plant and for other purposes, by operating only in two shifts. The telpher of the rock deposit in Letan of Elbasan, carries 1,000 tons daily for the needs of the cement plant alone, not to mention the satisfaction of the needs of the steel combine which are much greater. And the result? More than 35 vehicles which operated daily with great difficulties have been taken out of circulation, conditions for a regular supply of raw materials have been created, and the former large material and monetary expenditures have been greatly reduced.

But the construction and utilization of telphers for a number of types of transport is profitable also from some other points of view. In contrast to roads, they can be built fast, with two and one half times higher output, thus requiring a smaller labor force, and if necessary they can be dismantled in one place and set up in another. Moreover, they can be extended from a length of some hundred meters to dozens of kilometers. Furthermore, while automobile roads occupy large areas of land and often cause erosion centers, the construction of telphers prevents such phenomena and protects much better the esthetic nature of the country, an important ecological problem, which as Comrade Enver Hoxha reminds us, must never be underrated.

The use of telphers wherever possibilities exist is not a new problem for the communists and the cadres who work and manage in these work centers and respective ministries. The party has continually stressed the need for the most effective investment in the transportation of goods. In 1963, Comrade Enver Hoxha pointed out to administrative and economic organs that the construction of internal roads for the exploitation of forests requires large investments and labor forces, that not only is their construction expensive, but also, they are provisional roads and are not always utilized,

therefore, "In place of internal forest roads we should consider the possibility of installing telfers." (Enver Hoxha, Works, Vol 25, p 567)

This task was assigned with greater force by the Seventh Congress of the AWP, which, among other things, stressed that more work must be done "to raise the rational exploitation of the capacities of road transportation, by combatting anti-economic practices." (Enver Hoxha, "Report of the Seventh Congress of the AWP," p 71) Surely, the fact that in the forest zones a number of telfers have been built and are being used effectively and the fact that large telfers have been built to supply rocks for the cement plants in Elbasan and Vlore, the "Steel of the Party" metallurgical combine and others, shows that the party's instructions have been taken into consideration by the interested party organs and basic organizations, by the state and economic organs. But by viewing this issue with a critical eye and on the basis of the demands and of the possibilities which exist for the expansion of this type of transportation, it results that the party's instructions in this field have not been understood and implemented accordingly everywhere, always and by all and slow progress has been made especially in building small telfers which can be used for the transportation of wood material from the forests and ore from mines and in other sectors, although for some time now, all possibilities have existed for building them by relying on our own forces.

Our country possesses ideal conditions for the expansion of goods transportation by means of telfers. The country's terrain consists of ragged mountains, and the volume of goods which can be transported downhill is great, including minerals, wood material, various agricultural and dairy products. Electric power through a centralized electrical power system can be assured profitably in every corner of the country. We also possess a powerful mechanical base and the experience to design, produce and build telfers with our own forces. The construction in the near future of the cables section in the "Steel of the Party" metallurgical combine will enable the production in the country of steel cable which we now import. All these enable the implementation of the task for the broad dissemination and expansion of this form of transportation.

In the first place we should use this type of transportation as widely as possible in the mines, but also for supplying the construction industry with rocks from rock deposit areas, such as, for example, to Tirana from Linza, and why not also from Priska, for the construction of hydroelectric power plants, for which the volume of transportation of inert materials is very great, by avoiding, in this case, the use of dozens of heavy duty trucks which are very costly to the economy. The telfers can also be widely used for the transportation of fruit from fruit plantations which are being continually expanded and increased everywhere, especially in the hilly and mountainous areas. The installation of telfers, for example, in the coastal zones of Himare will not only greatly reduce the use of vehicles in transporting citrus fruit along the coastal line to the other zones of the country, but will better utilize sea transportation. Similarly, the

installation of telfers, in fruit plantations, such as for example in Rroshnik in Berat, would greatly reduce the transportation of their products through manual, animal and vehicle transportation. Telfers can be used in the fields, too, for the collection and removal of agricultural products, for the distribution of fertilizers and for other transport processes. In the future, telfers can also be built for passenger transportation, especially for tourist centers, such as Dajti, the shore, special cities, such as Gjirokaster, Berat, Kruje and other centers.

It is natural that the development of this type of transportation requires suitable organizational measures for the design and production of mechanical equipment, and for the building and installation of telfers by relying on our internal resources, which is fully possible because we have designed and built, entirely through our own resources telfers of average and small capacity in the mines of Kerrabe and Memaliaj and in other centers dating back to the early years of the post-liberation period, even more so today when we possess a great experience, many cadres and an enormous material and technical base. We now also have experience in building and installing telfers with great transporting capacity and the designs are ready. Therefore, it is not at all difficult to organize the designing of mechanical equipment and its production, the planning and organization of specialized brigades for its production and installation, and the training of the necessary cadres for the operation and maintenance of existing telfers.

But above all it is necessary that the appropriate and responsible state and economic organs from the center to the base, under the leadership of the party organs and organizations deal seriously with this problem and with others which arise from the study of the transport workers. We stress this because there are cases when serious studies are made and important conclusions are drawn, but when the time comes to put them into practice a lack of interest is displayed, serious planning and organizational measures fail to materialize and tasks are not implemented. The fulfillment of the concrete task set, for example, by the party committee of Tirana District for studying and building the telfer from the Linza rock deposit, is fully realizable through the many resources and means which this district possesses, and there is no reason for the delay in its realization.

The party has always drawn the attention of the communists and of all the workers to the fact that there are always resources in the economy which must be studied and discovered so as to put them into the service of the building of socialism. The value of the study for a more rational utilization of road transportation is valid. If in dealing with an important party directive, ways are found which must be avoided in order to assure the socialist economy of important savings.

It is known that wood material for industrial purposes and for burning is obtained from deep mountainous zones of the country, therefore, its transportation has a seasonal character. This explains the fact that during the third quarter, in comparison with any other quarter, more than about 400

vehicles with trailers are used, something which cannot help but adversely affect the transportation in the other sectors of the economy, especially in agriculture where during this season there is a great volume of work in collecting the products from the fields. The problem is which way must be followed to avoid or to weaken the seasonal character of transportation, without neglecting any sector or branch of the economy. Experience shows that the road to solution is entirely connected to the adoption of measures mainly of an organizational character, which enable the around-the-clock utilization of the means of transportation. Therefore, the necessary labor force must be assured, the mechanisms of loading-unloading must be concentrated in collection centers, trucks with two drivers must be used and other organizational-technical measures which enable the uninterrupted functioning of the loading-unloading centers for a fixed period must be taken, something which requires not only the adoption of effective measures in these directions by the Ministry of Industry and Mining, by the Ministry of Communications and their subordinate enterprises, but also a step-by-step examination by them of the way in which these measures are implemented, as well as the resolute work and struggle of the party organizations in the enterprises for the fulfillment of the guidelines and tasks in this field.

Despite the improvements realized each year in avoiding duplication of transportation of goods, this phenomenon occurs nevertheless in some cases. From the concrete proposals made in the study about the more rational utilization of road transportation it results that by eliminating some unnecessary duplications in the transportation of goods, 20 trailer-mounted trucks will not be used, and yearly savings will amount to 246,000 liters of fuel, 217 tires and about 186,000 leks. Worth noting are also the proposals for the construction of 16 new roads, which shorten by 437.5 km the distances of the transportation of minerals from the mines to the processing plants, as well as the asphalt surfacing of some heavily travelled roads. Investments for these constructions are profitable because by shortening the distances, there will be yearly savings of 116 trailer-mounted trucks, 356 tires and over 816,000 leks, whereas the investments for asphalt surfacing will be recouped within a brief period of 2 to 3.3 years.

The study also draws attention to the possibility of using, with great profit, water transportation in the inland waters of the country. As is known, the plan for the hydroelectric exploitation of the river Drin, which for sometime now has been approved and is being gradually put into practice, creates a system of cascades from the sea and up to our state border. This has created and will create a series of lakes also suitable, to some extent, for boat transportation. Preliminary calculations show that the use of 21 trucks can be avoided each year. In the future, when the entire system of hydroelectric power plants has been completed, the traffic intensity will be able to be increased considerably, hence economic profitability will also increase. The issue is not only to start in a regular manner and to plan this type of very profitable transportation, but also to coordinate as soon as possible the work with the designers and builders of hydroelectric

powerplants, so as to adopt concrete measures necessary for the best possible organization of the entire system of this type of navigation through waterways and through other measures, because so far this problem has not been treated accordingly.

Today, when we have reached the level of producing through our own forces ships of suitable tonnage, the further expansion of the transportation of products and of travellers along the entire coastline of our country becomes fully realizable. We can say that the combination of sea transportation with that of telfers, along the coastline for example, as well as in the rivers, such as the case with the river Drin, is an ideal combination in terms of economic profitability. Our talented and revolutionary workers, under the leadership of the party, will surely put this into a reality.

Calculations "with pencil in the hand" are quite valuable. They clarify ideas, put a stop to subjective judgements about this or that economic problem, and clearly show the path which must be pursued to obtain concrete and dependable results in this or that field of the economy. Studies of this kind help the correct implementation of the economic laws of socialism. Therefore, it is important for the basic party organizations to encourage and support them and to struggle for their adoption, because they serve the implementation of the economic policy of the party, such as, concretely, the conservation of fuels, of materials and of machinery and the reduction of imports.

Two types of problems are raised in the study under discussion: On the one hand those which have to do simply with organizational and cooperational measures between the respective organs of communications and of industry, such as the case of transportation with concentrated forces and means of wood material from the forests to collection centers during the summer; on the other hand, those which have to do with investments. As far as the first group of problems is concerned, there is no reason whatever for delays, whereas for the second group of problems, it is necessary to give an accounting and to apply the policy of state planning. We say this because the study "About some problems for the more rational exploitation of road transportation," was completed early November of last year, and eight months have passed and we see no progress. Such slowness cannot be justified, especially as regards the first group of problems, and also for the second group. The study was completed during the final approval of the state plan for 1979. But even if there were no possibilities we still have the recommendations and tasks of the Sixth Plenum of the party Central Committee of January 1979 which draws particular attention to fuel conservation and to reducing the import of goods and of machinery.

The party defines the task of economic studies as necessary for the scientific management of the economy and it never separates this from the measures to concretely implement them. Therefore, the party organs and the basic party organizations, the state and economic organs, especially

in the concrete case of the party committee of the region No 1 of Tirana District, the basic party organizations of the Ministry of Industry and Mines, the Ministry of Communications and the State Planning Commission must struggle effectively against instances of sectarian and narrow ministerial interests which are evident here and there in our state apparatuses and which hinders the adoption of these valuable studies. They must further evaluate the ideas and the proposals made during the studies by dozens and hundreds of cadres, by various vanguard workers and specialists who struggle, think and create to put into practice in the best possible manner the party directives and the teachings of Comrade Enver Hoxha. The concrete materialization of valuable ideas, such as those of the study on the best possible utilization of the means of automotive transportation is the best evaluation, inspiration and encouragement of the vanguard workers for other studies. Undoubtedly, this and quite a few other studies which have been made and which will be made in the future will get the support and necessary appraisal and will be adopted as soon as possible for the good of the economy, of the people and of our socialist country.

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NEED FOR LINKING BIOLOGICAL SCIENCES WITH PRODUCTION

Tirana RRUGA E PARTISE in Albanian Jul 79 pp 32-39

[Article by Teki Tartari: "For a Speedier Development and in Close Linkage With the Production of the Biological Sciences."]

[Text] Biological sciences play an important role in the further deepening of the technical-scientific revolution in a number of sectors and in the concrete activities of our socialist society, such as in agriculture, in light industry and the food industry, in health, in the protection of the clean environment and so forth.

The scientific-biological studies in our country, guided by the teachings of the party and of Comrade Enver Hoxha, especially the studies of applied biological sciences, such as the selectioning of plants and animals, the botanical studies of the domestic flora, zoological and entomological research, the production of vaccines and biopreparations for the protection of the health of the people, have shown a series of positive results and achievements which are reflected in many accomplishments.

The research and experiments carried out by the agricultural scientific institutes, in cooperation with the agricultural cooperatives and enterprises have led to the discovery of a number of types and hybrids of grains, of some industrial plants, of animals and poultry, which have a relatively high genetic-productive capacity. This scientific work has enabled our country to possess for the major part of the agricultural plants and animals, a relatively good genetic material, judging on the basis of how much this material corresponds to the planned tasks for the increase of yields in broad agricultural production, naturally without exhausting the maximal limits of the present and of the future.

The research work of many years carried out for the domestic production of seeds and of seedlings has enabled our country, by implementing the party directive on self-reliance, to set up for a number of agricultural plants and various animals, a state system for their production based on up-to-date scientific criteria, which has become an important link in obtaining satisfactory yields in agricultural and livestock production.

A voluminous work, lasting many years has been carried out in the area of the study of the Albanian flora so that our authors could acquaint themselves scientifically with a few thousand species of indigenous plants. The domestic production of vaccines and of biopreparations to protect people and animals from dozens of diseases marks a series of good achievements in the practical assimilation of various scientific, biological and microbiological methods for their production. The methods of various biological studies are also being applied in many fields of industrial technology, especially in light industry and the food industry, in the study of soil fertility, in combatting diseases and so forth.

A step forward in the development of biological sciences and the implementation of the decisions of the Seventh Party Congress for these sciences, has been made in the field of organization, for the strengthening of these subjects in the teaching institutes, for the enrichment of the scientific themes and for the setting up of scientific laboratories, such as the first center of biological research in our country in the Academy of Sciences.

But the present level of the intensive development of the economy of the country and of the technical-scientific revolution, stressed Comrade Enver Hoxha at the Seventh Party Congress, "lays down as a very important task the increase of efforts for studies in some fields, such as biology, genetics...physiology and so forth, without which the many problems of the development of applied sciences and of technical progress cannot be solved, nor can there be a healthy training of various specialists and of the new generation in our schools." (Enver Hoxha, "Report to the Seventh Congress of the AWP," p 182) In the assimilation of the new discoveries which are taking place in the field of biological sciences, in the experimentation and concrete study of the many rules and laws of the biological sciences in the climate and soil conditions of the country, in the speedy and effective dissemination of the results and scientific recommendations arising from these studies in the economic enterprises and agricultural cooperatives is to be found a great and secure reserve for the advancement of production.

The intensification of research in biological sciences and its placement at the foundation of applied sciences and progressive methods of the cultivation of plants and of animals require comprehensive organizational and technical measures to overcome the relative backwardness evident in these sciences in comparison with some other branches of science, require a better cooperation of existing forces, a greater struggle and work to increase the rates of their development, to oppose concepts of underestimating the role of these sciences observed among some cadres and workers. It is also important that, since we are in a relatively non-advanced phase in the development of these sciences, we properly define the main scientific problems of biology which will be dealt with at present and in the future, so that they can conform as much as possible to the party's guidelines and directive for increasing production at high rates and with the least possible expenditures of social work.

The main front of research in biological sciences consists of biological, physiological and genetic problems of bread grains, in order to increase their production and to meet all the needs of bread grains through the domestic production, which is also the "Main objective of the party in agriculture during this five-year plan" (Enver Hoxha, "Report to the Seventh Party Congress of the AWP," p 54) The great successes achieved under the party leadership in this field are known and so is the advanced experience of progressive economies, such as that of the agricultural cooperative of Cakrani in the Fier District which has produced over 75 quintals of corn per hectare, that of the agricultural enterprise in Maliq which has produced 46 quintals of bread grains per hectare, and so forth. However, the average yield of the bread grain crops at the national level is far from the results of the progressive economies, and still farther away from the biological capacities of the types and hybrids cultivated in our country.

It is clear that the further increase of productivity, along with the implementation of the known agrotechnology and the assimilation and more effective expansion of progressive experience, requires additional studies of physiological and biochemical processes which occur in the plants in the conditions of high productivity yields. Theoretical data of physiological science show that the very high yields of productivity of the wheat plants, at times over 90-100 quintals per hectare require, in addition to assuring of the number of seed spikes, of their weight and size, the plant's density per one hectare, also a harmonious combination of the speedy growth of the plant and the yielding, with the slow differentiation of the plant's organs, so that through photosynthesis the greatest amount of organic material can be amassed in the plants' body. But in order to use, with great efficiency these general rules of the physiology of high yield crops in regard to wheat, it is necessary to study them through scientific experimentation in the concrete conditions of the various regions of our country, because this is the only way to discover the optimal parameters for each region. And these studies must be carried out, in the first place in the units and in the brigades with high yields. Reliance on progressive experience in the study of the physiological aspects will make it fully possible for the positive results to be repeated and reproduced in other units with similar climate and soil conditions.

Similar analogous studies about the physiological and biochemical processes which assure high yields are needed for corn and for many other agricultural plants. They are needed to discover the dialectical bonds which exist between the development of agricultural plants and the environment, and for the internal dialectical bonds of the plants, of the physiological and biochemical functions, on the one hand, and of the genetic base, on the other hand. This is so because agricultural and dairy production as a whole is the result of the activity of hundreds of biotic and abiotic factors which are a permanent issue of the biological sciences. "The development of production and its revolutionizing, Comrade Enver Hoxha teaches us, do not rely on mechanical and amateur work, but the soil, the plant, the fertilizer, the water, the sun and so forth, have their biological,

genetic, physical and chemical laws, in the complexity of which can be allowed neither amateurism nor anarchy, because they act, they inspire one another, for the good and the bad. Not only must we know these processes, but we must also act properly and according to scientific discipline, to control them, to orient them in the direction required by the human being." (Enver Hoxha, Reports and Speeches 1967-1968, p 257)

In the physiology of the plants, their mineral supply is of great importance in increasing of yields. The large investments of the state in this field for the production and use of chemical fertilizers in our country and the good results achieved in quite a few agricultural economies are well known. The agrochemical and pedological studies carried out in a large number of economies have created conditions for a more rational use of chemical fertilizers. But in this field, there are still large reserves, the effect of the chemical fertilizers is low, because the agrochemical studies have not been followed up also with physiological and biochemical studies for their highly effective use.

Of special importance in this context are the experimental studies of soil biology with the whole lot of relations and various interactions between the earth, the plants and the animals, between the micro-organisms of the soil and the plants, between the physical factors of the environment and life on earth, and so forth. Therefore, the broadening of the study themes of soil biology to know and to fully solve the existing problems, and the issuing of recommendations based on complete scientific data arising from these studies, will enable the continuous growth of the yields of agricultural plants, by increasing the effectiveness of investments made in this field.

An important aspect of the physiology of feeding the plants with minerals constitutes the fertilizing through micro elements or oligo elements, such as chrome, nickel, molybdenum, and so forth. Some experiments made in our country prove the great effectiveness of these elements, whereby the yield of various agricultural plants has increased by 10-20 percent through small amounts of 40-100 grams per hectare. Of importance is the fact that the yield growth is assured through small investments and that these micro elements can be produced domestically.

Equally fruitful are the physiological studies of the stimulative action of the various auxin preparations and of gamma rays to increase the yields of agricultural plants. These physical or chemical factors are relatively less expensive than many other factors when compared to the positive results obtained in increasing production. Thus, the tests made in some agricultural economies show that when the seed of fodder, of tobacco, of wheat, of sugar-beet has been treated by radiation prior to planting through gamma rays, yields have increased by 10-20 percent. It is, therefore, necessary that these studies on the positive role of X-ray stimulation be extended to as many plants as possible, and that the recommendations arising from them be implemented in broad production.

For this purpose a good cooperative work is being done between the Institute of Nuclear Physics, the Center for Biological Research, the Institute of Agricultural Research and some agricultural enterprises and cooperatives. This cooperation is an important link also for broadening scientific work. But with regard to the broadening of scientific research we are still far from what the party stipulates. Concepts of underestimating massive scientific research and of being content with results assimilated long ago are still evident. Important problems also exist in the field of the proper cooperation of scientific resources and means. Today, we possess some good laboratory bases, which can be used for profound studies of great value in the field of biology and, especially, of physiology and genetics. The Institute of Nuclear Physics, some biochemical laboratories, electronic microscopes, and so forth, can and should be used in a more complete and rational manner through cooperation.

Physiological studies are also very necessary for the fulfillment of the great tasks laid down by the party for the development and systematic planting of fruit trees. The setting up of large blocs of fruit trees requires not only the proper knowledge of the climate, of the soil, the direction of the placement of fruit trees, but also of the requirements and of the physiological regulations which guide their development. In this connection, there are also simplistic concepts, as if now everything has been discovered and there is no longer any need for studies. The study of mechanisms and of the ways of regulating the physiological-biochemical functions, shows that these plants are adopted not according to some special condition, but according to the combination of many conditions of the environment, which differ even in various zones within the same district. Therefore, more thorough physiological studies on the problems of the systematic planting of fruit trees is a present day necessity.

The successes and the results attained under the leadership of the party in the intensification and modernization of animal husbandry in our country are known. But a series of tasks and problems which confront our livestock sector urgently require a broader introduction of physiological studies. They are, in the first place, the studies on fodder, for the effective utilization of all the food resources of our country. The tasks assigned to produce more and cheaper require profound physiological studies for problems such as the types of fodder rations for agricultural animals to obtain from cows 4000-5000 liters of milk per head, from calves 1000 grams of weight increase per day, from chickens 200-220 eggs per year, by spending less per unit of fodder, with fewer concentrates and especially by reducing consumption of scarce fodder products which today are imported and which can be replaced through various domestic resources.

There are many problems which require concrete studies also from the physiological point of view with regard to the feeding of cattle, of goats and of other animals in general, and for the quantity of fodder consumed by each species of animal to produce one kg of meat, as well as for a more suitable structure of the species which we must have for meat production.

On the basis of data which we have gathered so far and the conditions of our country, cattle and other farm animals will continue to occupy the main place in the livestock structure because they produce meat with less concentrates than the pigs and the poultry. Whereas for the production of pork and poultry meat, the studies must be intensified so as to increase the proteins in fodder rations through various resources produced in the country, such as soy beans, sunflower seeds, protein items, and for the role of special syntehitic aminoacids, such as for example, lysine which saves on concentrates and feed grains.

In connection with the physiological study of plants and of animals as regards the increase of their yields, the experiments on the immunity of plants and of animals, on their resistance to the physical and chemical conditions of the environment, for example, the resistance of the plants to drought, salt and so forth, of their development with limited energy and feed resources are also important. This would be very helpful in the increasing of their yields in the areas which are being desalinized, but which for the time being still contain a certain percentage of salt, or for their growth in regions with dry climate.

Research in the field of the genetics of plants and of animals is an important aspect of biological sciences on which our studies must be concentrated. The results achieved in the expanded production from the introduction of new types and of hybrids in agricultural plants and animals have convinced the workers of the great role played by selectioning-genetic work in increasing yields, in reducing costs, and in raising of the effectiveness of work in agriculture. But the maximal theoretical limits have not yet been attained and the practical possibilities have not been fulfilled.

On the basis of the tasks set by the Seventh Party Congress, the principal growth in agricultural and livestock production will be assured entirely through increase in yields. This requires, among other things, the continuing introduction in our agricultural production of new types and hybrids of plants and agricultural animals with ever higher yields and new qualities. The creation of these types and hybrids requires a more profound selectioning-genetic work than heretofore on the part of our specialists. Viewing the problem from this angle, the various genetic studies for the formation of heterosis, of mutations, of the inherited qualitative characteristics related to yields, in the first place, of bread grains, and parallel to this, of industrial plants, vegetables, fruit trees, fodder plants and farm animals and poultry become of special importance.

In the scientific agricultural institutions and in various links in the system of production of seeds and of pollinates in our country, there exists a relatively rich genetic material in terms of the number of lines, of varieties, of breeds and of their qualities. But we can never afford to think that we have nothing further to do for the enrichment of this genetic basis. On the contrary, the study problems in this field are very great, in the area of increasing the number of lines and of varieties, by

enriching them, according to the situation, with materials of natural flora or with domestically cultivated flora, as well as in the area of the enrichment of the genetic fund, by using more broadly the method of mutations, by carrying out various hybridisms between lines and varieties. The method of selectioning and appraisal on the basis of the inheritance of descendants can and must be used more extensively to obtain more certain results in the increase of yields.

The workers of the station for the production of seed corn and of rice in Shkoder have assumed some concrete tasks for the creation of hybrid corn with a short vegetative cycle, of white corn, with a higher protein, lysine and methionine content; for the creation of hybrids of feed corn with yields of over 150 quintals of fodder units per hectare, and so forth. But in the area of the genetics of grains there exists a broad work front which must be better evaluated and where work must be carried out in a systematic manner. Thus, in regard to wheat the following tasks remain of current importance: The creation of varieties resistant to spoilage, the improvement of the quality of proteins in hard wheats for the production of macaroni, the introduction in the mountainous regions, with high elevations above the sea level, of triticale hybrids, for which more work must be done through genetic selectioning in order to obtain triticale forms with fuller kernels and higher yields.

Positive results are expected from the use of genetic methods in improving the yields and quality of cotton fiber, in creating sunflower hybrids, in increasing the percentage of sugar in sugar-beets through polyploidy, and in vegetable and fruit plants for the creation of hybrids. Of special importance are the genetic studies on the problems of immunity in plants and animals, in order to reduce the damages which are caused by various diseases.

A good work is being done in the area of hybridization of fowl for the production of eggs and of meat. But this work must be further expanded so as to increase the yields, to reduce the quantity of feed per unit of product by securing the breed material domestically. This study and scientific work must also be introduced in the hog sector in which we have great reserves for the reduction of expenditures in securing feed material and of the cost for each kilogram of meat produced. The experiments carried out in some agricultural units through cross-breeding of the first generation (with industrial cross-breeding) for high production of beef and lamb, show that the production of meat per head increases 10-40 percent in comparison with the existing breeds, and there are 10-20 percent savings in fodder per head. In order to utilize this great reserve for the increase of meat it is necessary to more rapidly expand industrial cross-breeding in other agricultural units, by also studying the other aspects.

A good work has been done in the area of the study of the country's flora and fauna. The main objective of botanical and zoological studies is the study of living nature in our country. In this respect it can be said that

they have a national character. But their development at faster rates is connected not only to the profound knowledge of the country's resources but also to the capacities for the rational exploitation of these great natural resources. In this direction the task arises to further strengthen research and study work, by carrying out the research and the studies with emphasis on increasing social production of raw materials required by the economy, as well as for increasing exports, by opposing all trends toward studies for the sake of studies which are of no use.

Special attention should be given to the ecological-biological studies about the relations of the various living ecosystems and their special and common role in protecting and improving the natural environment and in the production of the organic material required as food for human beings and animals and as raw material for industry. Many aspects of the relations of the great ecosystems of the country, such as those between forests, grazing areas and agricultural plants, directly influence each others' yields and the harmonious development of the natural environment as a whole. Therefore, the development of these relationships should not be carried out in a mechanical manner. The tackling and analysis of this phenomenon requires an entire complex of methods of various ecological, biological, botanical, zoological and physiological sciences, and reliance on dialectical-scientific analysis in order to enter a host of complicated relationships which exist in the world of beings.

Of first hand importance in the successful implementation of these directions of biological sciences and of other directions to be dictated by life, are the organizational moments, such as the avoiding of a certain lack of coordination of scientific themes which exists in these fields, which permits a subjective and mechanical attitude in choosing the field of research, something which, in some cases, leads to a neglect of main themes. A greater task awaits us in the direction of the scientific training of cadres who work and will work in these fields. A much greater and profound study of these sciences is required, because they are no longer descriptive sciences but have entered the phase in which effective methods of the transformation of the living world rule. But these methods are related to the proper knowledge and the assimilation of new discoveries and knowledge of exact sciences, such as mathematics, physics, chemistry and so forth.

The implementation of important biological studies is also connected to creating a suitable laboratory base, to stimulating scientific life in these fields through conferences, scientific sessions, scientific publications, and so forth. For these problems too, real possibilities exist for the advancement of the higher institutes of learning, as well as for the scientific institutions.

By implementing the party's guidelines for the strengthening of the economy and the development of science, it is fully possible for the biological sciences to assume a new development and to be placed in the fullest service of the socialist economy of our country.

BULGARIA

SPECIALIZATION TRIPS ABROAD ARE OFTEN USELESS

Sofia ZEMEDEL'SKO ZNAME in Bulgarian 14 Nov 79 p 3

[Article by Ivan Salabashev: "Private Trip or Government Assignment"]

[Text] Bulgaria is one of the countries that participate with a great number of delegations in over 1,000 annual international undertakings. According to the operative data of the integrated system for official assignments (ESKOM) in the field of science and technical progress, in 1978 alone, 7,800 official assignments abroad have been registered, involving 14,829 specialists. Planned according to the respective strategic trends in the economic development of the country, the assignments abroad represent the shortest road to obtaining information about the most recent achievements in science and technology on a worldwide scale.

It is so in theory. In practice, however, the results are quite often not as expected. As a proof of this statement we will give the following two examples:

--A group of experts of the Institute for Electric and Motor Trucks of the Ministry of Machine Building, following the Latin proverb "Hurry slowly" and under the protection of Order No 425 of 5 April 1979, arrived safely at the international specialized exhibition of hoisting technology in London... on the day of its closing. Therefore, to this day, this group of experts has not presented any report whatsoever on the work done. Did these experts and their leaders not know when the exhibition was opening and how long it was going to last?

--On 29 September of this year the Sofia dailies reported that the Politburo of the Central Committee of the BCP has established some violations of the state, planned and financial discipline in some economic organizations, combines and plants, on the basis of an inspection carried out by the committee on state and public control regarding the fulfillment and accountability of the plan. We are not surprised that among the listed enterprises is also the Kliment Voroshilov Electric Appliances Plant, since year after year it has been unable to learn and adopt the technology needed for the production of efficient telephone systems and radio transmission installations. From

1973 to 1976 about 100 of its experts and workers have visited France and Norway for 3 and 6 months specialization in these fields. And most striking is the fact that today more than half of these experts have left the enterprise for different reasons but under the same clause, i.e. "by mutual agreement."

These examples inevitably raise the question of the effectiveness of the trips abroad, of the checking on their purpose, and whether they are not private excursions instead of official assignments. We will try to answer with the help of Comrade Kuncho Bonev, office chief of NTS [Scientific Technical Union] Plan Coordination and Assignments Abroad at the State Committee for Science and Technological Progress, of Engineer Angelina Abramovits, department chief of Assignments Abroad, and of Margarita Kasurova, chief department specialist at Control and Utilization of Information at the Central Institute for Scientific and Technical Information (TsINTI). Our conversation was limited only to the assignments in the system of the State Committee for Science and Technical Progress, which involves 10 percent of the assignments abroad.

And so:

"In order to improve the results of the assignments abroad, following the line of the State Committee for Science and Technical Progress (DKNTP)," said Kuncho Bonev, "for the first time in the country in 1974 was laid the foundation for their planning as per the ordinance approved in 1973 by the Council of Ministers referring to assignments and specialization trips abroad. In spite of that, it turned out that many of the trips abroad did not produce the right effect. It became necessary for the DKNTP and TsINTI to work out a jointly integrated system for registering and accounting of the assignments abroad, which are connected with studying of the respective foreign language, participation in international undertakings, specialization, consultations, etc."

What are the results so far?

The system by itself proved to be effective. In fact some countries, for example, USSR, CSSR, Poland and others, are interested in it, since it arranges the itinerary for an approved, planned assignment, namely, selection of specialists, language qualifications, briefing, prior knowledge of the available information, obligations to be carried by the assignee, etc. Particular attention is given to the report of the assignee--the most important link in the system and its Gordian knot as well. The assignment trip is of significance only if the preparation of the report is done conscientiously and if it is presented in the coordinating office for evaluation of proposals for adoption. And this is not all. The proposals have to be sent to TsINTI to be published in their bulletin so that they become known by more specialists and workers of the respective branch.

"There are still people on assignments abroad," continued Kuncho Bonev, "who do not submit complete reports and do not register them with TsINTI. Part

of the information they gather they keep for themselves and thus deprive their colleagues from using it. It is true that for such cases Ordinance No 97 of the Council of Ministers provides for some sanctions, for example, returning the funds spent on the assignment. However, I have yet to hear that such sanctions have been imposed.

Something else came to light at the TsINTI, namely, that the people who check and audit the trips are unable to substantiate in figures their economic effect since only about one-third of the trips are registered at their end. For example, the audit in 1977 showed that only 5,000 of the 16,000 trips abroad have been registered by vouchers at the TsINTI. The result was the same in 1978. The record of poor accountability is held by machine building. Unofficial data reveal that there are 1,200 trips annually concerning scientific-technical progress and its system. And yet for the 4 years from 1975 to the beginning of the second quarter of 1979, the TsINTI has received only 82 vouchers. Where are the others? The answer might be that they are at MASH [Central Scientific-Research Institute on Technology and Machine Building], the new TsINTI machine building center. But, this center should account for its activity to TsINTI, should it not?

There is another, even greater misunderstanding. The State Committee for Science and Technical Progress (DKNTP) and the Ministry of Finance, in a joint letter addressed to the authorities dealing with trips abroad, announced their decision that as a result of proforma reports they should discontinue any trips abroad. In the first quarter of 1979 the TsINTI suggested that this measure be applied to machine building. But one of the initiators of this measure, namely the DKNTP, did not act.

"The trouble is," Eng Angelina Abramovits and Margarita Kasurova explained to us, "we can only report but cannot exercise any control. And we are even less able to answer questions connected with the effectiveness and quality of the trips abroad. It is difficult to make such statistical analyses, as many of the presented reports do not have protocols attached, as required by the regulations, which show that they have been discussed by a technical council. We quite often come across cases of attaching the definition "operational assignment" to major topics planned ahead of them, in order to avoid accountability. This was confirmed as an established practice by an audit in 1978 at the Ministry of Construction and Construction Materials."

The above-mentioned examples and all that was said make it imperative to create a more streamlined and effective organization for controlling the trips abroad and for checking on the economic effects realized by them on a national scale. One must reassess the requirements and the existing regulations in order to stop foreign exchange squandering and make every specialist morally and financially bound by contract to the assignment authorities. One must also start to apply most strictly the existing sanctions and to publicize them beyond the offices of the respective department. Let this serve as a lesson!

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CSO: 2200

COLOTKA CALLS FOR IMPROVEMENTS IN ECONOMY

Bratislava PRACA in Slovak 30 Oct 79 p 3

[Report of the SSR government on the fulfillment of its program declaration presented by P. Colotka, the prime minister of the SSR government, at the 13th session of the Slovak National Council: "We are Responsible for the Results of Our Work"]

[Text] We have come before the Slovak National Council to render accounts for our program declaration at a time when we may quite reliably assess the results achieved in the fulfillment of our economic and social program over the whole four years of the Sixth Five-Year Plan. The generally positive fact must be underlined that we have achieved relatively high dynamism in the production of material resources. We expect that this year the creation of the social product will be 21.5 percent higher than in 1975, and our national revenue 20.7 percent higher, that personal consumption will be up by 18.2 percent and social consumption by as much as 23.6 percent. By increasing the basic means in our national economy by 29.8 percent we shall accomplish a further significant expansion of the material-technical base in branches of production as well as in non-production. It is a successful achievement that the rising labor productivity will cover the increment of national revenue by more than 75 percent.

At the same time we cannot conceal the fact that we have not always and everywhere been completely successful in meeting our tasks stipulated in the plan, whether in capacity or structure of production, but mainly in quality indicators whose objective is to render the entire process of reproduction more efficient.

Deviations from the planned tasks stemmed from certain objective causes which are, so to say, outside our control, such as the price development in the world or the unfavorable weather conditions; however, the shortcomings in managing and organizational operations on all levels and the not always honest and responsible approach to the fulfillment of tasks in various places of work have a major share in such deviations.

Quality in the First Place

In previous accounts rendered for the program declaration by our government we have already pointed out that some conditions and prerequisites related to the development of prices on world markets are more demanding and complex than we had originally anticipated. Unfortunately, today, after an 18-month interval, we must admit that the negative tendencies which the Czechoslovak economy is encountering are not getting any better but on the contrary, even worse.

In simple terms--to the detriment of our domestic consumption of the created national revenue, we must export increasingly larger amounts of goods for the same amount of imported raw materials, fuels and other products. It cannot be presumed that this development is but a transient phenomenon because it is obvious that the limited resources of raw materials, their increasingly more difficult accessibility and the higher costs of their recovery will continue to affect constantly their availability and prices, and thus, it will also impose considerable demands on the technical standard and quality of the products with which their import must be recompensed. The fact that under such conditions we can assert ourselves only on the basis of quality, highly skilled work, expertise and dexterity must permeate the minds in every sector of management, and of all people working in production, research, planning as well as in the entire educational and training process.

The effect of unfavorable weather conditions on our agricultural plant production in 1976 and this year again caused major losses to agricultural production and subsequently to our food industry; at the same time, grain imports which exceeded the plan are affecting our state's balance of payments to a considerable degree.

It is true that the extremely cold temperatures at the beginning of this year, plus our demonstrably inadequate preparedness for the winter very painfully affected the supply of our economy with fuels and power, and we are still experiencing their impact on our production and on the whole rhythm of our life.

We were unable to always adequately overcome the more complex external conditions by more resolute measures and by a mobilization of our domestic reserves for better efficiency, particularly by better and more economical utilization of raw materials, fuels and power, accelerated introduction of new capacities into operation, broader and prompter application of the scientific-technical progress, as well as a higher technological standard and quality of goods. We are aware of the problems and shortcomings existing in individual sectors; we are struggling against them almost every day in the government, in its Presidium, in the ministries and other managing organs and organizations of production. We know that to resolve and overcome them is not as easy as a simplified view may suggest. We are therefore striving to enforce a more exacting course in the work of central

organs as well as of the lower sectors, so that they may recognize the problems in all economic and technical correlations in a greater depth, and reach decisions readily, promptly and skillfully and review their decisions thoroughly. We demand that when solving problems, they cooperate closely, coordinate their actions with federal organs and narrowly collaborate with national committees and economic production units.

The results have shown that our effort to raise the level of managing operations is not always crowned with total success. Considerable differences in the quality of labor still exist between individual levels--and even on the same level--and we are frequently encountering indifference, a lack of discipline, and even irresponsible approaches toward the fulfillment of specific tasks.

As the CPCZ has ordered us, intensification of the development and better efficiency and quality of all work naturally remain further in the forefront of our economic and organizational work; at the same time, we are fully aware that in order to be equal to such tasks, our people must be politically and professionally prepared and their social consciousness formed.

We must join forces under the leadership of the CPCZ in order to accomplish that the people's minds and specific actions be penetrated by the realization that we may achieve a higher living standard and personal and social consumption only to the extent to which we shall increase the creation of our resources and how many products, of what quality and at what cost we shall be able to produce. As a matter of fact, we lack any other resources to distribute, except for the fruits of our own labor, on which it will further depend how abundant will be the goods which our citizens will be able to find in stores, as well as what prices will they have to pay for those goods.

Where the Reserves Are

Over the next four years the production of Slovakia's industry will be up by a total of 27.2 percent, of which by about 25 percent in branches managed by the SSR government. In agreement with the plan the departmental structure of our industry is basically progressing, the share of the chemical industry is growing, the production of developmental carrying programs is advancing at a faster pace. We are introducing into operation several programs for better utilization of our domestic resources of raw materials. The construction of a large new cellulose plant in Ruzomberok is making a good progress. We completed gradually, or are completing now, albeit with difficulties, some new facilities for the ceramic, furniture, canning and meat-processing industries. Also, the weight of the engineering branch has increased, although not exactly to the extent stipulated by the Sixth Five-Year Plan.

More significant deviations in the volume of the production are occurring particularly this year when we expect that the plan will be fulfilled by only 99 percent and when the fulfillment of the tasks in the food industry, in the production of construction materials, in the consumer industry, and in federally managed sectors and general engineering is lagging. It is evident that the reduced supplies of agricultural raw materials and the breakdowns in the fuel and power supply play their role here. However, one must recognize the negative role played here also by continuous delays in the introduction of new capacities into operation, which represented, for example, in 1979 a deficit in production amounting to Kcs 550 million in the industry managed by the Slovak organs alone, and the role played often by the failure to meet the planned parameters of production in the new capacities.

In the past years and this year again we had to struggle every day for a more uniform fulfillment of the tasks in individual enterprises and branches of production, to resolve problems stemming from the tension in the material-technological supply, and in some places also problems stemming from the shortage of manpower, to organize auxiliary shifts in many enterprises in order to catch up with the deficit in the production. This effort, however, has not been uniformly successful in every branch and in every enterprise. There were--and still are--deviations, particularly from the required divisional structure of the production of goods, and the needs of our domestic and the foreign markets have not been sufficiently satisfied.

The most significant lag in our industry is evident in the fulfillment of deliveries for market funds. In that respect engineering enterprises in particular, and also the food and consumer industries are very much in debt.

One of the essential prerequisites for our efficient integration in the international division of labor and for our ability to satisfy the growing demands of our domestic consumers and users is to raise the technological standard and quality of products.

Numerous measures adopted by the federal and our national governments for the establishment of the system of control of quality of products, for stricter supervision, greater involvement, as well as for penalizing the producers for poor quality of goods are thus far only beginning to make their positive mark. We shall therefore demand that all managing sectors uncompromisingly introduce these measures into reality.

We are aware that the production of solid fuels will play here an important role in the coming years. For that reason we in the government have made every effort to ensure that the tasks assigned to the organizations in Slovakia engaged in construction programs in the North Bohemia kraj, which is the most important coal-mining area in the CSSR, as well as the tasks of our national committees in the recruitment of manpower for coal-mining

districts be thoroughly met. From this place we wish to express our appreciation to the miners in Slovakia's coal and lignite mines for their devoted work; they are struggling under the most complex and difficult conditions for every ton of fuel. We would appreciate it if the lag in the technical mining preparations, especially in the mines of Handlova, Dolina and Novaky, would be overcome as soon as possible and then the planned coal production could be met without any deficit.

We have devoted special attention to the fulfillment of the tasks of our construction workers who are building nuclear power plants, gaslines, and the repumping hydroelectric plant on the Cierny Vah River. On the whole, the construction is progressing well, but naturally, many problems which the undertaking of such great and technically exacting projects brings with itself must be dealt with constantly. In order to advance successfully the work on the construction of the hydroelectric system in Gabčíkovo-Nagymaros, we in the SSR government adopted measures aimed at the building of the required construction capacity and the solution of additional preconditions for the completion of this important project. The problems facing the federal ministries in this connection will be discussed by the government of the CSSR in the nearest future.

In the sectors managed by the Slovak organs we have accomplished on the whole the relative reduction on the consumption of fuel and power stipulated in annual plans, but we realize that we have more major reserves in that area. A long-range program for rationalization of fuel and power consumption adopted by the federal government imposes much more demanding tasks on us. We must fight more aggressively against any wastefulness in production and non-production areas and in homes. For that reason, we adjusted retail prices of fuels this year, and we expect that the measures we adopted in the area of wholesale prices will prompt our enterprises to become more economical and rational in their consumption.

We want--and must--direct our institutes for scientific-technological development and capital investment more than ever before toward savings of fuel and power, and to focus our capital investment more on modernization and redesigning of appliances, on the selection of more energy-saving technological methods, and better utilization of waste heat, thermal waters, etc.

More Intensively in Agriculture

Further in his address Comrade Colotka dealt with the problem of our agriculture. After several good years, particularly during the Fifth Five-Year Plan, we raised very rapidly our consumption of food, especially of meat; today we reached a level whose further rise makes us very anxious. We were able to maintain continuous growth of animal production despite the fluctuations in plant production only at the price of imports above the plan. Since we wanted to achieve the most essential growth of animal production, this year's lower harvest of cereal grains and other plant

products required again additional imports amounting to 2 million tons of grain, of which about one third is to cover the needs of Slovakia's animal production.

Many of us may ask whether we are capable of providing fodder from our own resources for our animal production. We must critically address those agricultural workers who failed to make use of their own potential in the production of protein components and who are at the same time clamoring for the satisfaction of their needs from extensive imports.

In addition, the ministries, agricultural administrations and enterprises must pay much more attention to the fulfillment of the program adopted for the development of the fruit and vegetable production. As a matter of fact, we have not reached yet a desirable level precisely in the consumption of those ingredients of rational nutrition.

In the first 3 years of the current five-year plan Slovakia's gross agricultural production was up by 7.9 percent. According to estimates for this year thus far it will fall below the level of 1978. This was, and is still being unfavorably reflected in the fulfillment and implementation of the tasks in the food industry, particularly in its sugar-producing and canning sectors. We realize that the unfavorable weather conditions have played their role here, but the existing shortcomings in the managing work must not be concealed behind them.

We have the right to demand that our agriculture efficiently mobilize the available resources and reserves; moreover, we demand with the same urgency that the engineering, chemical and other industries furnish the agriculture with the necessary equipment, spare parts and special mechanisms, for example, for the protein program, for vegetable cultivation, for harvesting bulk fodders in mountainous areas, as well as adequate amounts of chemical weed-killers, etc.

Important Construction Projects

Efficient development of our entire national economy is affected to a considerable degree by capital investment, depending on how economically and on what technological level are our individual programs implemented, and how rationally are we able to organize a smooth progress of the entire process of investment.

Here we have set up for ourselves a challenging task for the Sixth Five-Year Plan--to raise in 1980 the volume of investments in Slovakia by 31.5 percent above 1975. We expect that this year the volume of the works and deliveries will be 22.1 percent higher than in 1975.

Despite many problems and shortcomings with which we are struggling in capital investment, we must recognize the enormous work achieved over the past 4 years. Basic means introduced into operation and representing about

Kcs 164 billion mean important reinforcement of the production technical base of production as well as of the branches in the non-production area.

Among the great many new construction projects completed during this five-year plan, the water works in Liptovska Mara, the first unit of the nuclear power plant in Jaslovske Bohunice, the high-pressure polyethylene factory of the Slovnaft in Bratislava, Chemlon X in Humenne, the first stage of the Drevokombinat in Saris, the Masokombinat, and a freezing plant in Rimavska Sobota, the new capacities for the program of tube manufacture in Podbrezova, 260,000 square meters of floor surfaces in engineering industry, the extension of the highway to Kutý and Trnava, and the completion of the superhighway section in Liptov, the Druzba college dormitory, and many other projects deserve special mention.

As for the total volume fulfillment of the plan for capital investment, certain deviations from the originally stipulated tasks did occur. However, as the most essential problem on whose solution we are focusing our greatest efforts we consider the need to reduce the volume of the unfinished construction works, which is still too extensive, the observation of the deadlines set for their construction, and on the whole, a better progress in the entire investment process.

We admit frankly that we are not satisfied with the results achieved in this effort. In still too many instances we launch construction projects without adequate planning preparations, where subsequently additional changes are made, which renders the contractors' tasks so much more difficult. Therefore, we consider it imperative that the ministries more emphatically insist that the managing workers in economic production units and enterprises bear full responsibility for the adoption and fulfillment of contractual obligations.

Thus far our effort to concentrate contractors' capacities on the fulfillment of tasks in essential construction projects, on the fulfillment of the tasks of Slovak construction workers in Prague, the capital city of the CSSR, and in the North Bohemia kraj, and on the fulfillment of construction programs in Bratislava, the capital city of the SSR, may have produced some positive results, but we must candidly admit that it was considerably frustrated precisely by the extensive volume of unfinished construction projects. Therefore, the federal government made a decision which, in our opinion, is correct, or more exactly, unavoidable, and on whose basis the volume of newly launched construction programs will be cut next year by 20 percent. We realize that we shall not encounter everywhere complete understanding, and that the investors will begin making various interventions. I am certain that you will encounter the same reaction in your electoral districts, but really, this is an unavoidable step to accelerate the completion of the building projects under construction, to collect the profits derived from them as soon as possible, and not to carry this burden of unfinished constructions into the Seventh Five-Year Plan.

The Foremost Task Is to Economize

Comrade Colotka further assessed our progress in the fulfillment of the policy stipulated by the [party] congress for improved efficiency and better quality of labor. The results achieved by utilizing the factors of production and by raising the profitability of production and profits offer us its most comprehensive picture.

The development of costs of production indicates that total costs and costs of materials and wages in sectors managed by the SSR government and in all economy in Slovakia have declined, however, not to the extent outlined in the plan. Major differences in the reduction of costs between individual enterprises point to large reserves. The struggle for more economy in management therefore continues to be our primary task in every place of work, whether in the managing area or directly in the production.

We expect that labor productivity over last year's will be up by 16.3 percent in industry and 21.7 percent in construction, and that it will share decisively in the increment of production in those branches. The planned level of labor productivity has not been reached in recent years and thus, its production tasks have not been fulfilled.

We have not been successful in raising the efficiency of basic means to a desirable level. The value of the created national revenue per Kcs 1 of basic funds is stagnating, or declining slightly, because convertibility has not increased and we still have many unfilled jobs even in the Slovak Socialist Republic.

We adopted a system of measures aimed at improving the efficiency of the scientific-technological development because we realize that it is the only way for our economy to keep in step with the world developments. We have improved the planning process in research as well as the practical application of its results; we perfected the coordination of research projects; we have spent large funds to build up the scientific research base. More than 400 tasks of the state scientific and technological development were implemented in Slovakia over the first 3 years of the Sixth Five-Year Plan, and their contribution to the growth of production represents approximately Kcs 4 billion.

We in the government regularly reviewed the fulfillment of these tasks of the scientific-technological development. It appears that its contribution is not entirely in proportion to the funds expended, that many tasks of research are not producing expected results, and that the solution of the tasks and their practical implementation often take much too long.

If we want to advance significantly in the area of the scientific-technological development--and life forces us to proceed that way--we must demand all organs, cross-sectional and branch ministries and economic

production units to manage this vital area much more firmly and keep it under control.

By the same token, we realize that our powers are limited and therefore, our research institutes and laboratories must begin to cooperate much more decisively, to share their tasks and to specialize within the state as well as on the international scale, and to exploit the opportunities open for cooperation, especially with the USSR and other socialist states. We must introduce in our economy the achievements of the technological progress in the world more extensively than ever before, including the purchase of licenses; however, this requires a conceptual, more premeditated approach on the part of our central and other managing organs.

Next, Comrade P. Colotka dealt with the test of the comprehensive experiment in controlling efficiency and quality in selected economic production units of the chemical and consumer industries. Although it is much too soon to draw any definite conclusions, it appears that the principles on which the experiment is based are correct and that wherever they have been correctly applied and an interest in the qualitative aspects of the process of production has been inspired, their stimulating effect may be further intensified by improving the criteria for material incentives, by their correct application to specific conditions in operations, workshops and guilds, and naturally, by simultaneously improving the quality of the contents, balance and stability of the plan.

P. Colotka emphasized that the development of the situation in the world and the problems with which we are struggling in our country are forcing us outright to improve our system of management, to change our style of work, and to mobilize all workers, because time is a stern judge and will never forgive us for any lag in the scientific-technical progress, in the organization of labor and in other areas. We bear great political responsibility to prove the advantages of socialism in the class struggle waged now in the world, whose focus has shifted to the economic area.

Comrade Colotka stressed that we are making higher demands on the managing area, on the workers in production and in other sectors, in order to maintain and further raise our people's living standard in which we rank among the foremost countries, even though extensive factors of development have become restricted and external conditions more challenging. In this respect he noted the problems of trade, supply of goods, and innovation of products.

In the area of social policy he dealt with the material technical foundation of our educational system and with health care, and evaluated the organizational activity of national committees and volunteer work performed by our citizens in the development of Action Z aimed primarily at the construction of kindergartens and day-care centers.

In conclusion he stressed that our common objective is to achieve a smooth and balanced development of our economy, to keep improving the satisfaction of material and cultural needs, and to strengthen vital securities of our citizens.

9004

CSO: 2400

CPCZ DAILY REVIEWS PROGRAM OF ENERGY-SAVING MEASURES

AU061030 Prague RUDE PRAVO in Czech 3 Dec 79 p 1 AU

[Editorial: "Reducing Fuel and Power Consumption"]

[Excerpts] A few days ago, in connection with measures in the fuel and power sphere, the CPCZ Central Committee Presidium discussed and approved a long-term program submitted by the CSSR Government for rationalizing the consumption, saving and utilization of all kinds of fuel and power. In a letter to regional, city and district party committees the Presidium appeals to all communists to fully insure the implementation of this program.

Increased fuel extraction and the extensive construction of nuclear power stations will insure the society's growing needs only if we are twice as economical as regards fuel and power consumption. Whereas in the Sixth Five-Year Plan the relative results in saving fuel and power can be estimated at 6 million tons of standard fuel, in the Seventh Five-Year Plan it is imperative that this figure is increased to 11 million, and in 1990 as compared with the level of 1980 the saving should amount to roughly 25 million tons.

The the Seventh Five-Year Plan the greater, decisive part of the economy--roughly 85 percent--must be accounted for in the production sphere. However, we must show the same responsibility in approaching the matter of economical consumption of the nonproduction sphere, which is draining off a full third of our fuel and power. It is particularly important to economize in this spheres, since it deals with crude oil products and graded coal, where the possibility of further increasing deliveries is rather limited.

The lower growth rate in the production of steel and rolled material will significantly influence the decrease in the need for power in our economy. Actually, for every ton of rolled material we need roughly 1.5 tons of standard fuel.

The long-term program requires that engineering production consistently reduce its power consumption in the production process by changing the production

process by changing the production and branch structures and, above all, by raising the technical standards and quality of products, by reducing metal consumption and by replacing metals by other materials. The development of electronics and microelectronics is of exceptional significance for reducing our need for power: because of their low consumption of materials, and particularly because they are used to raise the utility parameters of machines and equipment, they represent one of the most effective means of dealing with the fuel-power balance.

The chemical and consumption industries must save 1.2 million tons of standard fuel by 1985, and 2.3 million tons by 1990. Here the obsolete production technology must be replaced, and operations that needlessly consume large amounts of energy must be modernized. In many enterprises we must make use of secondary power resources. Cooperation with the Soviet Union is of significance here: The USSR will deliver to us chemical products that consume a lot of power in return for products that need less power.

The building industry, too, will be faced with an important task in the coming years. It still has considerable reserves, such as those connected with the introduction of advanced technology into the production of building materials; but the main emphasis is placed on a broader use of insulating material. The construction of plants to manufacture this material will enjoy the same priority as the leading power projects.

It is also necessary to reduce the rate of power consumption in agriculture.

Transportation is one of the branches with the highest power consumption; that is why it will be oriented in the coming years toward using the most economical operations possible.

In the nonproduction sphere the implementation of all the measures should result in a saving of 1.8 million tons of standard fuel in 1985, and of 4.4 million tons in 1990, compared with the present unacceptable consumption development.

Apart from the key measures for economizing, we are counting on the utilization of certain unconventional sources, such as solar and geothermal energy. They should account for about 30,000 tons of standard fuel in 1985, and for 130,000 tons in 1990. The secondary power sources are of even greater significance, in terms of energy--this primarily applies to the wasted heat of the compressor stations of the long-distance gas pipelines and of the plants for incinerating solid communal and industrial refuse and for burning scrap timber. We are counting on gaining the equivalent of at least 350,000 tons of standard fuel in 1985, and at least 750,000 tons in 1990. The energy concealed in the waterways also represents a definite source of power.

The long-term rationalization program is oriented toward resources that are decisive for economizing on energy. Nine specific [dilci] and binding state programs must be drawn up. The drawing up and implementation of these programs is of paramount, all-social importance.

CS0: 2400

IMPORTS OF CONSUMER GOODS TO BE REDUCED

AU260843 Prague MLADA FRONTA in Czech 20 Nov 79 p 7 AU

["MP"-signed report: "Trade Before the End of the Year"]

[Excerpts] The situation concerning supplies of foodstuffs and industrial consumer goods was the topic of yesterday's press conference held by F. Ruzicka, first deputy minister of trade of the Czech Socialist Republic, directors general of the food industry, textile, industrial goods and jewelry trade enterprises and by other officials. In his opening statement F. Ruzicka stressed: "The trade sector's priority task is to speedily supplement stocks in order to balance out shortcomings in the variety of products and to create good conditions for satisfying the needs of the population in the period preceding the Christmas and New Year holidays."

Answering a MLADA FRONTA question as to what funds trade will allocate this year to the import of goods for a more diversified offering of foodstuffs and industrial goods, F. Ruzicka replied that on a long-term basis, the funds remain on the same level. However, because the price of foreign merchandise is going up, we can buy less of it. At the same time trade has to devote a considerable part of those financial means to the import of merchandise which used to be provided by our producers.

The trade sector has prepared an important change concerning opening hours from 1 January. On the basis of the experience that almost 50 percent of all purchases of industrial goods are made on Saturdays, the Ministry of Trade--in cooperation with the Czech Union of Consumer Cooperatives and other bodies--has decided that on Thursdays large shops selling industrial goods (department stores, shopping centers and other stores that are much frequented) will stay open until 2000 hours.

CSO: 2400

CZECHOSLOVAKIA

LENART, HRUSKOVIC INSPECT, COMMENT ON COMPUTER INSTALLATIONS

AU111016 Bratislava PRAVDA in Slovak 7 Dec 79 p 1 AU

[CTK report: "Display of New Electronics; Comrades J. Lenart and M. Hruskovic in the Tesla Plant in Piestany"]

[Text] Yesterday J. Lenart, CPCZ Central Committee Presidium member and first secretary of the CPSL Central Committee, and M. Hruskovic, candidate member of the CPCZ Central Committee Presidium and secretary of CPSL Central Committee, visited the Bratislava Research Institute of Water Economy to acquaint themselves with the results of the ninth international tests of installations designed within the framework of the CFMA system of small electronic computers.

Accompanied by V. Vacok, minister of construction and technology of the Slovak Socialist Republic, they inspected the installations submitted by six CEMA countries--Bulgaria, Hungary, Cuba, Poland, the USSR and the CSSR--as a result of this year's research, in four complexes of computer research. Comrades J. Lenart and M. Hruskovic stressed the necessity of speedily insuring the production of this modern computer technology--which is the result of the work of Czechoslovak researchers and their colleagues from the CEMA countries--for raising the quality and effectiveness of the management of the national economy.

At the tests, about the results of which the delegation heads from eight CEMA countries--apart from the aforementioned ones, also the GDR and Romania--signed a protocol yesterday, a total of 16 installations of the 3,5th generation were presented. They conclude the first stage of the CEMA system of small electronic computers. For the next year, tests of fourth generation computers are being prepared.

In the afternoon comrades J. Lenart and M. Hruskovic paid a working visit to the Tesla plant in Piestany. They were accompanied by Minister V. Vacok. They acquainted themselves with the production of electronic components--especially integrated circuits--on the production of which rests the development of the automation of other branches. In that context comrades Lenart and Hruskovic stressed the extraordinary urgency of a speedy start of the licensed production of very advanced integrated circuits, which is being prepared. All authorities concerned must devote priority attention to the speedy start of that production because it is vitally important for the development of several decisive branches of our national economy.

CZECHOSLOVAKIA

'RUDE PRAVO' REPORTS ON PLANS IN SUPERHIGHWAY CONSTRUCTION

AU041940 Prague RUDE PRAVO in Czech 29 Nov 79 p 5 AU

[Article by Miloslav Vlatavsky: "Worries and Delights of the Superhighway; How Did the Designation 'International Highway' Come About"]

[Excerpt] Several superhighway sections are now under construction and that provides the guarantee that a better rate of progress may be made in coming years; on the D 1 superhighway [leading from Prague to the Soviet border, via Brno] it is the section from Humpolec to Pavov and the 14-kilometer-long section from Brno-south to Holubice (in the direction of Trencin). On the Slovak part, in the direction of the Soviet border, there are two construction projects: from Liptovsky Jan to Liptovsky Hradok and from Licartovce to Budimir. On the D 2 superhighway [from Brno to Bratislava] projects are now in the final stage of construction. The construction of two more superhighways, both leading from the capital, has also begun. In the direction of Plzen and Rozvadov, on the D 5 superhighway, it is the section leading to Vraz and the 750-meter-long bypass of Beroun that has been completed ahead of schedule; on the D 11 leading to Hradec Kralove and the Polish border it is the section from Prague to Jirny. On the D 61 in Slovakia, between Bratislava and Trencin, construction work is underway between Hlohovec and Trnava and on the combined superhighway-railroad bridge across the Danube. Next year, construction work will start on the section from Hlohovec to Piestany and, on the D 11, on the Jirny-Bristvi section.

It is not a pleasant realization that this year the superhighway builders will probably not fulfill the plan. Although--in the material sense--the tasks are being fulfilled and the individual sections are being commissioned within the necessary deadlines. After all, next year construction work worth more than Kcs 1.5 billion should be done on the superhighways, which is almost Kcs 200,000 more than this year.

Norms and Rumors

As far as the quality of the superhighways is concerned, we possess exact norms. Every construction enterprise will confirm that on no other road

projects are the approving officials as strict as they are on superhighways. Nevertheless, after a relatively short period of operating, shortcomings have appeared on some sections of the D 1 that shed a negative light on the superhighway. Shortcomings concerning quality have even given rise to the fabrication of a rumor. According to one of its versions, some international commission that decides about such matters allegedly refused to recognize our superhighway as a superhighway, which is why we had to designate it--between Brno and Jihlava--only as the E 15 international highway.

It is true that there were deficiencies concerning quality in the section, but the designation is a different story. To be more exact--it is the other way around. The commission does not decide about superhighways, but about international highways, at the suggestion of states, which the respective part of the highway crosses. When we proposed to the commission, after putting a part of the D 1 superhighway into operation, to lead the E 15 via the completed superhighway, it complied with our proposal. After all, it exhibits better parameters than the previous route and runs in the same direction. For those who still tend to doubt, there is another argument; Deficiencies have also occurred on the part of the D 1 that leads from Prague, yet the designation E 15 remained on the Prague-Kolin road.

CSO: 2400

CZECHOSLOVAKIA

'RUDE PRAVO' REVIEWS COAL EXTRACTION SITUATION AT THE END OF NOVEMBER

AU081736 Prague RUDE PRAVO in Czech 5 Dec 79 pp 1, 2 AU

["IS"-signed report: "Ten Million Tons Remain in Order To Fulfill This Year's Plan; The November Tasks in Coal Mining Have Been Fulfilled"]

[Summary] The Czechoslovak coal basins fulfilled the tasks in coal extraction for the month of November 100.1 percent and supplied 10,983 tons of coal in excess of the plan. The North Bohemian brown coal basin was the only basin that did not fulfill the monthly plan. However, despite the November shortfall of 64,472 tons, since the beginning of the year the basin still has more than 104,000 tons to its credit.

In the first 11 months of this year the coal industry as a whole fulfilled the plan 100.1 percent, which represents 110,085 tons of coal over and above the plan. In the final month of the year the coal industry still has to supply 10 million tons of coal to the national economy.

In the Ostrava-Karvina basin all concerned enterprises fulfilled the November tasks; they even provided 55,000 tons of fuel in excess of the plan, which means that since the beginning of the year they extracted 209,505 tons more than planned. The Kladno mines slightly overfulfilled the November plan and have a lead of 14,000 tons over the state plan since the beginning of the year.

The Prievidza coal and lignite mines also fulfilled the monthly plane, despite a shortfall of 7,492 tons in the Dolina mine and 5,681 tons in the Novaky mine.

The monthly shortfall in the North Bohemian brown coal mines represented 64,472 tons, due to shortfalls in the concern enterprises V. I. Lenin mines in Komorany (40,410 tons), the "Nastup" mines in Tusimice (86,716 tons) and the J. Pucik mines in Bilina (251 tons).

The shortfall in the removal of the overburden in the North Bohemia basin gives rise to concern; in November the shortfall increased by an additional

800,000 cubic meters, which means that the overall shortfall since the beginning of the year already exceeds 15 million cubic meters. The most serious situation is still in the V. I. Lenin and J. Fucik mines, where the K 10,000 excavator is still out of operation.

The Sokolov mines fulfilled the November plan 101.2 percent and have already extracted almost 4 million tons of coal in excess of the plan since the beginning of the year.

As far as the coal reserves of the electric power stations are concerned, the situation has improved notably in comparison with last year. The power plants have 3.138 million tons of brown coal (1.652 million more than in 1978) and 1.141 million tons of bituminous coal (519,000 more than in 1978) on their dumps. The water level of the major hydroelectric power plants also is much higher than last year.

The supplies with electricity continue without any limitations; while the electricity consumption during the first and the second shifts is at last year's level. At night the burden on the electricity network is, on the average, 500 mw below the 1978 level. The supplies with natural and lighting gas, too, continued without any difficulties in November. Due to the warm weather, natural gas consumption dropped on average by 4 million cubic meters a day and lighting gas consumption by 2 million cubic meters a day compared with 1978. The underground gas reservoirs thus have not had to be drawn from so far.

CSO: 2400

CPCZ OFFICIAL ON EFFECT OF ECONOMIC INSTRUMENTS ON AGRICULTURE

AU231400 Bratislava PRAVDA in Slovak 15 Nov 79 p 3 AU

[Article by Julius Varga, head of a CPCZ Central Committee Department entitled: "The Main Objective: To Speedily Raise the Effectiveness and Quality of All Work; A Significant Step in Implementing the Resolutions of the 13th CPCZ Central Committee Session"]

[Text] The present system of planned management of agriculture, which has been in effect since 1967, has played a positive role in the development of agriculture. Especially after it was cleansed of the revisionist sediments from the critical period of 1968-69, it has been actively contributing to rapid production growth. Simultaneous with economic consolidation of agricultural enterprises, wages and remuneration for work have also substantially increased and the standard of living of cooperative farmers and other agricultural employees has improved.

In spite of the overall positive influence of the system of planned management of agriculture, in the last few years some negative elements and trends have increasingly begun to manifest themselves in the process of development that applies, above all, to the incongruous impact of the plan and of economic instruments, to the uneven development of the individual sectors of agricultural production and to the weakening of the unity of all-social and enterprise interests and needs.

We have succeeded in solving many of those problems in the last few years by carrying out some changes and partial adjustments in the system of planning and economic instruments and in reinforcing material interest. Some problems remained, however. They have had an adverse impact on the further smooth and harmonious development of agricultural production and of individual enterprises, the intensity of which varied in the different production types.

Problems Stemming From the Natural Development Trend

The present system of economic instruments has been implemented, essentially, since the end of the sixties. At that time agricultural production had a universal character, concentration and specialization were only in their infancy. Economic instruments, especially the procurement prices for agricultural produce, were determined, practically, on the basis of production costs in the first half of the sixties when there was a low degree of mechanization and a large share of manual work as far as most products were concerned. At that time wages and remuneration for work in agriculture were considerably lower compared to other branches of the national economy.

Simultaneous with the development of production forces, application of scientific-technical progress, introduction of a comprehensive mechanization of production processes and of modern technology, expansion and intensification of concentration and specialization, deepening of the social division of labor on the one hand and an increased all-round assistance of the socialist society and a growing professional standard of the employees on the other hand, the conditions for production, too, have changed. It must be borne in mind that the development of scientific-technical progress, in particular, has been markedly uneven in the individual branches of agricultural production. The effect of individual factors--those of a substitute and intensified nature alike--also differed from one production branch to the other, especially from the viewpoint of the possibility of a comprehensive solution.

To plant production, for instance, the speedier application of scientific-technical progress has found its manifestation, above all, in the production of cereals and some industrial [technique] staples; in animal production, in the raising of pigs and poultry. On the other hand, the production of bulk fodder has been lagging--in terms of quality and quantity--just as the raising of cattle and sheep.

The negative factors have finally found their expression in the diverse development of production costs for the individual groups and types of agricultural produce and in a differing degree of production profitability. Essentially, two large groups of produce have thus emerged.

The first, shows excessive production profitability. It consists of cereals, pigs and poultry, which are produced from cereals.

Production and the social productivity of labor have increased notably in that produce group in the last decade, owing particularly to the introduction of comprehensive mechanization and the utilization of intensification factors--especially industrial fertilizers, new, highly productive varieties and breeds, fodder mixtures and the like.

The second group shows a below-average profitability of products. The main representative in that group is bulk fodder production and the raising of cattle and sheep connected with it, where the present level of production corresponds neither to our needs nor to actual and realistic possibilities.

In that branch the effectiveness of various political and organizational measures is weakened by the low economic effectiveness of production in agricultural enterprises, by the limited possibilities of solving technological problems and--as a result of it--by the substantially lower productivity of labor than in other branches.

Retardation of the Development of Specialization, Concentration and Cooperation

The consequences of different degrees of production effectiveness and of profitability and thus the difference in resources for covering production costs and for developing production are coming increasingly to the fore in connection with the development of the objective process taking place in socialist agricultural large-scale production--specialization and concentration of production on the basis of inter-enterprise cooperation and integration.

At the time of the overall, multi-branch production the profitability of products did not play an important role, although even then the degree of profitability and thus the volume of resources had an impact on decisions concerning the orientation of production. It was of importance for the enterprises that the economic instruments should create prerequisites for covering production costs and for developing production as a whole. Yet in connection with the intensification of the social division of labor, which logically results in a reduction of the range of produce in the specializing enterprises, price instruments are assuming a decisive importance for the economy of the enterprises. It is, therefore, no accident that the enterprises taking part in production specialization have concentrated up to now more on produce placing lower demands on materials and work thus showing higher production profitability. On the other hand, the specialization process regarding the raising of cattle and some other production branches was less pronounced. That also hampers cooperation unwillingness to give up those parts of the production program that yield a higher profit and a greater creation of resources becomes apparent.

The uneven development in technological progress, along with differences in production costs and in the profitability of production, is also reflected in the deepening differences between production areas with a markedly different structure and orientation of agricultural production. In the corn and sugarbeet growing areas, for instance, there is a dominant share of produce with an excessive profitability of production; the income situation of the overwhelming majority of agricultural enterprises in those areas, too, is thus very good. As we move to mountainous areas and thus to worse

production conditions, the structure and orientation of production changes and there is a growing share of cattle raising, as a consequence of the higher representation of meadows and pastures.

To Prevent Disproportionate Growth

The economic instruments that are presently in force, those that have been in force up to now, create good economic prerequisites [for farm work] under better production conditions but they do not create sufficient scope for a speedier development of production and for making use of the possibilities in the less productive submountainous and mountainous areas. Thus despite the growing volume of differentiated grants, subsidies and extra money extended to the enterprises working under mountainous conditions in the past years, their income situation is not improving but, on the contrary, it continues to deteriorate and the resources for expanded reproduction are dwindling. That situation gives rise to the rather paradoxical trend when excessive expansion of various forms of associated production results, admittedly, in insuring sufficient funds of financial resources but, not infrequently, also in the failure to make use of expanding agricultural production opportunities. The present economic instruments also prompt the enterprises working in the submountainous and mountainous areas to strive to promote the raising of pigs and poultry and other production types at the expense of cattle raising, for which they have the most suitable natural conditions.

Those and other influences, together with subjective factors, have been promoting the undesirable deepening of differentiation among areas and enterprises, with consequences in the form of uneven development of production and socioeconomic conditions in those areas.

The 13th CPCZ Central Committee session drew attention to those and other problems and determined the basic trends of eliminating them, on the basis of a profound analysis of the impact and effectiveness of the system of planned management of agriculture. It defined a whole range of significant measures that are to create the best possible conditions for the further all-round development of socialist agriculture. A characteristic feature of the resolution of the 13th CPCZ Central committee session is the demand that all components, in dialectical unity, exert an influence on the choice of the best possible alternatives of development; on a wide application and utilization of technological progress and organization of labor; on mobilizing the inner reserves; and on increasing the social productivity of labor and effectiveness of production. The creation of the broadest possible scope for the development of initiative and for a greater interest of enterprises, collectives and individual in the fulfillment of production tasks and thus a deepening of the unity of all-social, enterprise and individual interests is also part of those measures.

Perfection of the System of Economic Instruments

In the sphere of the state plan and planning the 13th CPCZ Central Committee session stressed the principles of perfecting the creation and the detailing of the production plan by achieving a better interlinkage of its individual parts, particularly the interlinkage between production tasks and their support in terms of materials, technology and finance, and by deepening the interaction between agriculture and the subcontracting and processing branches. The measures aimed at perfecting the plan and planning at all levels that are being prepared will contribute to strengthening the role of the plan as the major instrument of management and will result in greater demands on managerial and organizational work in the planning and implementation process.

The perfection of the system of economic instruments aimed unambiguously at the following goals is of fundamental importance for the successful realization of tasks ensuing from the resolution of the 13th CPCZ Central Committee session:

- to more effectively stimulate the planned growth of agricultural production;
- to promote structural changes in production;
- to develop concentration and specialization on the basis of inter-enterprise cooperation and integration;
- to exert a more pronounced influence on the growth of production effectiveness and quality;
- to create favorable conditions for the creation of revenues and an expanded reproduction in all production spheres.

That can be achieved by drawing closer the profitability of the individual types of agricultural produce, by eliminating the causes of the undesirable differences in the revenues among areas and by drawing the remuneration of the basic production factors--including live work [ziva praca] in the united agricultural cooperatives--closer to reality.

Emphasis on Cattle Raising

In the lasting development of agricultural production, cattle raising cannot be replaced by anything else. That is why the support for cattle raising is the basic motif in the approved adjustments of economic instruments. By raising the procurement prices for milk and for cattle for slaughter and thus the profitability of their production almost to the level of other types of livestock, the main economic obstacles to their speedier development are being eliminated. Moreover, the supplemented price instruments--particularly subsidies and bonuses--will economically enhance the plan to develop concentration and specialization and to increase the quality of

production. The price solution concerning the end products—meat and milk—solves the [problem of the] entire cycle in cattle raising. In that context it is necessary to stress the importance of the new prices of intermediary products, that is the increased prices for young breeding cattle so as to make its production effective, for husbandry and the economic aspect of production. It is only understandable that, as is being stressed in the resolution of the 13th CPCZ Central Committee session, a more pronounced economic support for cattle raising will be applied in the mountainous and submountainous areas where we possess, in meadows and pastures, the largest reserves for raising bulk fodder production and expanding the numbers and the yields of cattle, reserves that also are easiest to mobilize.

The Comprehensive System of Price Measures

The adjustments of price economic instruments in raising cattle and sheep, where the procurement price of meat, hides and cheese is being raised, along with the increased procurement prices of some other types of produce and thus the drawing closer of production profitability of individual types of agricultural produce only partially mitigate the differences in the revenues between enterprises working under better and under worse production conditions. Inevitable fundamental solutions will permit the achievement of an adjustment in redistributing the agricultural tax and differentiated subsidies for them to help balance out the creation of resources and to create basic conditions for insuring agricultural production, the creation of resources and a growth in remuneration in all production areas. That redistribution will make it possible to at least partially balance out the differences stemming from natural conditions. What is thus involved is the redistribution of differentiated pensions.

Adjustments in the profit tax will also mitigate the differences in the income situation among enterprises; the tax is being reduced for enterprises with average or below average profitability. On the other hand, the tax burden is being partially increased by applying progressive taxation to enterprises with above average profitability. That will be carried out, of course, in a way that will leave sufficient scope for stimulating interest in further increasing production. In following up the change in the profit tax, the abolition of increases [as published] concerning the taxation of non-agricultural activity and the taxation of excessive remuneration in the united agricultural cooperatives is of significance.

The increased prices of fodder mixtures and industrial fertilizers are aimed primarily at exerting the necessary pressure on a more economical use of protein fodder and fodder mixtures, where we still register a great waste in the form of consumption per unit of livestock production, which is frequently so high that it cannot be substantiated. However, it must be said that fodder will continue to be subsidized from the state budget.

Similarly, as in the case of fodder mixtures, the low prices and the abundance of industrial fertilizers, too, have played a negative role, above all,

in weakening interest in producing and using organic fertilizers, particularly stable manure, with consequences manifested in reduced fertility of the soil. Those changes will lead to a "renaissance" in interest in organic fertilizers as an irreplaceable factor of improving the agricultural land fund and increasing its fertility. As to fodder mixtures, the changes will result in a more economical use of them but also--which is no less important--in their replacement by good quality bulk fodder and in an improvement of zoo-technical work.

Another important measure is the increase of the united agricultural cooperatives' contribution to the social security funds, at the level of the income tax of employees in the state sector, while preserving the present system of remuneration in the united agricultural cooperatives as far as net remuneration is concerned. That will not only standardize the base for figuring out the cooperative farmers' pensions but also raise the basis for computing pensions.

The adjustment of procurement prices and of differentiated bonuses also creates favorable conditions for the state farms to further develop their production and raise the working people's material incentives.

In order to increase meat production, enterprises, which this year will exceed their planned tasks in meat sales, will receive the new higher procurement prices--otherwise paid only after the New Year--for meat sold in excess of the plan. Enterprises which do not fulfill their planned tasks in meat sales by the end of this year will receive the old prices in the coming year until they fulfill this year's tasks.

All those measures are of great political and economic importance. They are part of overall efforts for a more rapid development and growth of agricultural production, raising the effectiveness and quality of work and for the mobilization and a more consistent utilization of reserves. The implementation of those measures will eliminate obstacles and weaken those influences which retard smooth development and strengthen trends fostering desired production growth. It must be emphasized that the approved adjustments of the system of economic instruments do not encourage funneling funds to the state budget. Funds obtained from the increased purchase prices of fodder and industrial fertilizers, from raised contributions to social security within the unified cooperative farms and from the adjustment of the agricultural tax will return to the agricultural enterprises in full through higher procurement prices, bonuses, premiums for milk, beef and other products, through higher tariffs and the volume of differentiated bonuses. However, the overall impact on individual enterprises, depending on the orientation and structure of their production as well as on natural conditions, will differ. By redistributing resources in favor of enterprises operating in worse production and natural conditions their income situation will improve and thus more favorable conditions will be created for a more rapid growth of production in the submountainous and mountainous regions. However, even after those

adjustments agricultural enterprises operating in better natural conditions will have considerably more funds to divide up and for the development of production. In no case will the redistribution have a negative influence on remuneration for work and thus on the standard of living of people working in agriculture. On the contrary--the adjustment of the system of economic instruments pursues the further growth of production and labor productivity, the development of initiative and thus also the further rise in remuneration in accordance with the results achieved and their contribution to society.

The perfection of the system of planned management of agriculture in general and of the economic instruments in particular is an important step in the direction of the implementation of the resolutions of the 13th CPCZ Central Committee session. It will greatly depend on the correct comprehension of the intentions and objectives of the adjustments, on how profoundly they will penetrate into the consciousness and practical activity on all levels of management and on how they will be made use of in concrete work for the further development of agricultural enterprises. Therefore the party, state and economic bodies must pay proper attention to them and correctly explain and insure them. Only in that way will their implementation contribute to the further development of agricultural production in 1980 and good prerequisites will be created for the start of the Seventh Five-Year Plan.

CSO: 2400

CTK' REPORTS SESSION OF CPCZ CC AGRICULTURAL COMMISSION

AU252015 Bratislava ROLNICKE NOVINY in Slovak 20 Nov 79 p 1 AU

[CTK report: "CPCZ Central Committee Commission Convened"]

[Text] Prague--Yesterday the CPCZ Central Committee commission for agriculture and food convened in Prague, under the chairmanship of Milos Jakes, CPCZ Central Committee Presidium candidate member and secretary. The deliberations were attended by Rudolf Rohlicek, CSSR deputy premier. The commissions discussed a control report on elaborating and insuring the conclusions of the 13th CPCZ Central Committee session, preparing the action plan for 1980 and insuring the tasks in livestock production and its development in the next 5-year plan. The commission was briefed on the disposition of the suggestions raised by cooperative farmers and other agricultural employees in the debate of the ninth all-state congress of united agricultural cooperatives. In an extensive discussion the members of the commission made a number of suggestions and recommendations regarding the consistent implementation of the resolution of the 13th CPCZ Central Committee session, the draft plan for 1980 and the exacting tasks in the sector of livestock production, particularly concerning the more intensive raising of cattle, effectively increasing their yields and the rational use of fodder. At the same time they stressed the importance of insuring material-technical needs, making practical use of the developments of science and technology and of raising the level of political-organizing work. The commission devoted great attention to the fulfillment of tasks in livestock production and to the steady procurement of animal produce in the winter period.

CSO: 2400

CZECHOSLOVAKIA

BRIEFS

CSSR OIL IMPORTS--The average annual consumption of crude oil in Czechoslovakia amounts to about 18 million tons, whereas our domestic deposits yield only about 200,000 tons of crude oil annually. We secure more than 80 percent of the needed imports from the Soviet Union, on the basis of long-term contracts; the rest of the imported crude oil we acquire overseas. The CSSR is interested in an economically advantageous transportation of the crude oil from overseas fromports to our oil refineries. Therefore, we concluded a contract with Yugoslavia, which has the two usual sides: the CSSR has contributed to the construction of the Adria pipeline with a credit of \$25 million, in return for which we will be able to use the Yugoslav pipeline in future. A similar contract exists between the SFRY and Hungary. [Excerpt] [AU055125 Prague RUDE PRAVO in Czech 29 Nov 79 p 7 AU]

CSO: 2400

WORLD ECONOMIC CONDITIONS REQUIRE EFFICIENT USE OF MATERIALS

East Berlin DIE WIRTSCHAFT in German Vol 34 No 10, 4 Oct 79 p 19

[Article by Prof Dr H. Sturz, Central Institute for Socialist Economic Management, SED Central Committee: "Strengthen Economic Power, Increase Effectiveness"]

[Text] In past weeks and months, the books have been balanced in many areas of social life in our republic and it has been correctly established that the balance is good.

When we speak of the absolute necessity of forcing the development of productivity in our economy, we are not then speaking from a position of weakness--as our country's opponents try to make out. Rather, it is the principal requirements for further shaping the developed socialist society and at the same time the concrete historical conditions which, independent of our desires and intentions, make it necessary to strengthen economic productivity further.

In his concluding remarks at the tenth meeting of the SED Central Committee, Comrade Erich Honecker stressed that "the resolute continuation of our policy for the well-being of the people rests on the growth of economic power."

We need increased production to increase our citizens' standard of living further, to enlarge the material and technological foundation of our national economy, and to create fundamental prerequisites for the gradual transition to communism. And we must make our contribution toward strengthening the military defense capability of socialism.

What We Must Expect

The GDR economy is very closely tied in with foreign markets. This is shown, among other things, by the fact that approximately one-third of the national income produced is obtained from foreign trade (export-import). Particularly advantageous for us is the international division of labor and specialization with the CEMA countries, and also the assured supply of vital raw

materials, materials, and energy carriers. By virtue of our foreign trade structure, however, the rise in world market prices is accompanied by increased expenditures for imports, in orders of magnitude of billions of marks. By way of example, in 1979 in relation to 1970 we must export three times as many machines for the same quantity of crude oil; for coffee, double the number of trucks; for skins and pelts, twice as many electric motors. In the long run it will not be possible to cover the additional foreign economic debit simply by means of increased quantities of counter-deliveries.

Exploration, hauling and production of a number of domestic raw materials also are becoming more costly as a result of greater debts, lower content and unfavorable distances. All available materials must therefore be used most economically. Their maximum utilization in production and foreign markets is a basic commandment. For this we need still more products suitable for the world market, which will meet the demand and produce foreign exchange. This benefits both our investment policy and the supply for our population.

In the coming years we cannot count on an appreciable increase in the labor force used to produce materials. Economic growth must be achieved mainly by increasing labor productivity.

This means that additional growth in production and national income will above all be attained by economic utilization of results from science and technology, and the progress achieved in this area will have to be pushed to a still greater degree. What is needed is shorter delays in obtaining technologically and economically better results, both in research and in carrying out investments, with which scientific and technological findings are translated into practice. The better we manage, by means of new technologies, to make ready new products for consumption, for productive accumulation and for profitable export, the greater is the contribution of science and technology to the additional growth of the national income. Science and technology are also related to the national income the other way around. Approximately 4 percent of the national income is used annually in the GDR for science and technology as these areas are to be applied more intensively. These expenditures constitute considerable material and financial advances.

These growing means must also be subject to economic analysis before they are spent.

To Recognize and Use the New

Scientific and technological development takes place in many ways. In the first place, attention to those ways must be given which bring about qualitative changes in the most important elements of the social production and reproduction processes, i.e. the material and technological bases. Above all, we are talking about incisive changes in work material², work tools, and production techniques, which in the longer run lead to a

fundamental transformation in the structure and dynamics of the social productive forces, in the organization and leadership of social production as well as in the content of human labor. According to present knowledge and surveys, the following main directions of the scientific and technological revolution merit special attention above all:

--the automation of production

--the processing of information and computer control on the basis of microelectronics

--the opening up of new energy sources and the rational use of existing ones

--the development of new construction materials and combinations of construction materials

--the development and application of qualitatively new and highly efficient technologies.

It is important that scientific and technological changes which become apparent on an international scale should be followed with great attention in factories and enterprises, in research and development installations; a contribution to their development should be made and their efficient use should be prepared for. At the same time, the problem should be solved of exhausting possibilities in all areas which arise from the application and further development of existing technologies and processes.

Investigations show that about 60 percent of new and further developed products of the metalworking industry, at the time their production is introduced, correspond to the highest international norms in their mass performance relationship. If we can increase this percentage rate appreciably, 20-30 percent of the material for important products can be saved. This order of magnitude is attainable mainly in the new and further development of products, whereas constructive and technological partial solutions for products currently produced result in average savings of only 1-2 percent.

A good quality of the product, and high degrees of functioning, reliability and durability are important conditions for achieving a better degree of refining raw materials and construction materials, and for reducing the requirement for replacements and replacement parts as well as maintenance expense.

An important source for reducing materials consumption is the improvement of protection from corrosion.

Through development and broad application of rational processes, technologies and installation of long-lived and high-value painting systems and corrosion-resistant primers, the present expenses for corrosion protection of approximately M3 billion a year and the indirect losses arising from corrosion of approximately M1.5 billion a year can be reduced substantially.

A fundamental task in reducing consumption for production is rapidly to increase work productivity and achieve important savings in materials by means of modern processes and technologies, above all in the metal-working industry. Here it is important to reduce especially those material losses subject to technology which occur in production, as well as expenses for materials as a result of rejection, reworking and nonfulfillment of guarantees.

Valuable Raw materials To Be Used Judiciously

In the GDR approximately one-third of the wood needed by the construction industry, the furniture industry, the cellulose industry and other branches is imported. At the same time almost as many cubic meters of wood accumulate as chips and pieces which can be further utilized only in part. Science and technology must contribute here too to produce still more cut timber from the gross domestic wood recovery and to increase the degree of utilization of wood leftovers and wastes. No area can be excluded in orienting specific energy consumption toward the highest international norms in the production of the main construction materials such as rolled steel, aluminum, cast raw materials, plastics, glass, cement and others. Significant portions of the energy consumption of industry and of the population are used for space heating. More beneficial constructive solutions for the heat insulation of buildings and the controllability of heating installations, as well as the use of technologically justified waste heat, are important aspects of a better utilization of available energy.

At the ninth and tenth meetings of the Central Committee, conclusions were reached pertaining to the continuation of our way of complete employment, the people's well-being and stability. It is important that, under the changed foreign economic conditions, the forces of production be developed in such a way that the GDR's economic power is strengthened and the main task is fulfilled. What is involved is new orders of magnitude for the development of the GDR's productive power through effective economy. The unconditional priority for continuing the course of the main task is to further strengthen the material and technological bases, especially of socialist industry. It produces through economies the main part of the means for enhanced reproduction and for satisfying the demands of the whole society. For this reason, a most pressing task in carrying out investments is to adhere to the fixed order and sequence with discipline and full agreement with the plan.

The requirement to further shape the material and technological bases of the national economy and the material assurance of scientific and technological progress, as decisive foundations of the economical increase in capacity, demand great care and discipline in the preparation and carrying out of investments. In 1978 the average value of the basic means in the area of production was approximately 433 billion marks; the investments carried out (including investment participations), 41 billion marks. About half of this came from productive accumulation. Everything else was financed

by amortization. This means that about 90 percent of all productive basic stock is used for many years. This underlines the necessity for all forms of reproduction of the basic stock--maintenance, replacement, modernization and expansion--in connection with socialist rationalization and reconstruction to be aligned still more strongly on the requirements of a higher degree of effectiveness of the total productive base stock.

More Discipline in Investing

Productive accumulation plays a special role here. Inasmuch as it serves the expanded reproduction immediately and materially, it must be concentrated still more strongly with a view to developing production purposefully on the basis of the newest insights of science. Therefore, its application is preeminently required where the material prerequisites for rapid economical use of results from science and technology can be improved. This requires a high degree of party and state discipline, particularly for centrally planned investments of great industrial significance.

The foundation for the quantitative growth of production, for the increase of product quality, and for the reduction of required work time in machines and equipment, raw materials, material and energy is socialist rationalization.

Workers of the Schwedt Petrochemical Combine supply an example of how to produce more with a smaller work force. They assume greater personal responsibility by enlarging the areas operated, they reduce the share of manual activity, they utilize the existing installation most efficiently, they work according to occupational norms, and they endeavor to reduce those down times which are reducible.

The Deuben coal miners increase their performance in supplying our national economy with raw materials and energy. At the same time, they take steps to reduce their own consumption for production.

Workers of the Pentacon Combine in Dresden work intensively on the application of microelectronics in the cameras they produce. They utilize the possibilities for a productive domestic construction of means for rationalization, by means of which they shape their work more productively, easily and interestingly.

In the Joint Directive of the Politburo of the SED Central Committee, the Federal Board of the FDGB and the GDR Council of Ministers on the working out of the 1980 National Economic Plan and the thorough discussion of its goals and tasks with the workers, concrete suggestions for these activities have been given to all leaders and workers.

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CSO: 2300

COMBINE ECONOMIST URGES CHANGES IN R & D FINANCING, PRICING

East Berlin DIE WIRTSCHAFT in German Vol 34 No 7, 12 Jul 79 pp 13-14

[Article by H.-J. Schaefer, economic director of the Research Center in the VEB Carl Zeiss Jena Combine, and Dr U. Kuechler, Friedrich Schiller University, Jena: "Sole Responsibility Stimulates Research Output"]

[Text] Much has been done in recent years at the VEB Carl Zeiss Jena Combine to improve the quality of management.¹ Part of this process was the elevation as of 1 January 1978 of the combine's Research Center to the position of an enterprise which plans, balances accounts and operates according to economic accounting principles on its own responsibility, but does not enjoy independent legal status. This step has substantially increased the responsibility of the Research Center for accelerating scientific-technical progress and its effectiveness in the combine.

Creative Work Encouraged

This process has at the same time called for careful political-ideological work, with the gradual elimination of reservations rooted in an exaggeration of the peculiarities of research and development work. It was more important, however, to create an atmosphere which stimulates the development and acceptance of lofty objectives, creative impatience, courage and risk, initiative, the struggle for maximum scientific-technical efficiency and fulfillment of plans on schedule. Our experience has shown the following conditions to be part of this process:

1. Concentration of the research and development potential under single, uniform management: It has proven beneficial, however, to leave the production enterprises with a certain capacity to be used in the operational scientific-technical servicing of production and its rationalization. The Research Center is thus not burdened with a large number of minor scientific-technical chores; rather, the concentrated employment of manpower and means makes it possible to carry out the major research and development projects.

2. Efficient long-range conceptual work, realistic long-range and annual plans and a close interrelationship of the Science and Technology Plan with

the other parts of the plan: On the basis of a long-range conception of scientific-technical development and the constant process of keeping it up to date, while taking possible risks into account, the Research and Development Plan must be assured of binding force (detailed scientific and technical-economic objectives for the individual projects, precise sequence planning, the use of norms and standards to determine the requisite volumes of manpower, materials and capital as well as research and development expenditures). Only on this kind of basis can contractual agreements be concluded between the combine enterprises and the Research Center and be economically effective.

3. Precise delimitation of responsibility between combine management and the Research Center, especially between the general director and the director of the Research Center: It must include an appropriate guidance and control system. As an enterprise unit, our Research Center and/or its director has been assigned the following obligations and rights:²

Sole responsibility for management, planning and organization of the reproduction process on the basis of state plan targets;

Formation and use of funds according to the principle of self-financing;

Economic accounting in accordance with the regulations on bookkeeping and statistics;

Content and conclusion of contracts.

As a technical directorate for research and development, the Research Center directs the planning and accomplishment of research and development tasks in all enterprises belonging to the Carl Zeiss Jena Combine.

4. Provision of the Research Center's own funds and their reproduction through self-financing and/or redistribution (combine or state budget): Only in this way can the Research Center discharge on its own responsibility its assigned tasks and the accompanying rights and obligations. In line with the existing legal regulations, our Research Center has at its disposal the Capital Goods Fund (separation in connection with concentration), Current Assets Fund (self-financing and credit), Science and Technology Fund (self-financing and redistribution), Proficiency Fund (self-financing), Premium Fund (self-financing; redistribution in the case of special developments), Investment Fund (self-financing, credit and redistribution), Cultural and Social Fund (self-financing) and the Young Socialists' Account.

5. Binding rules and guidelines which clearly determine the methodology of economic accounting on the basis of legal regulations: They are to be kept up to date and constantly improved.

Contractual Agreements Within the Combine

Economic ties between the Research Center and the combine's production enterprises, as end producers, are based on contractual agreements covering product and procedure developments (K and V projects) which are derived from the plan documentation. The contract offer is drafted by the Research Center and submitted to the future user-enterprise. The contract is concluded at the time of initial advocacy of the project (K 1, V 1).

The product and procedure developments that are processed by the Research Center, as the recipient of the order, are financed by the client. The client enterprise (= enterprise responsible for the project) is obligated to incorporate the research and development project into its Science and Technology Plan, Part I, and to assure financing using money from its self-financed Science and Technology Fund. In the event of insufficient self-financing, the state plan task and/or target or the quarterly cash plans provide the money out of the centralized portion of the combine's Science and Technology Fund.

The contractual agreements are in the form of economic contracts concluded within the combine. They contain the catalog of responsibilities stipulating the scientific-technical and economic parameters, the comparison with the world standard (according to an internal combine methodology), the implementation conception with a sequential schedule and the necessary participatory actions by the client enterprise, price determinations for the scientific-technical work as well as stimulative measures and sanctions.

Prefinancing by the Client Enterprise

The price is calculated in accordance with legal regulations.³ Extra premiums are paid for surpassing scientific-technical and economic parameters. If selected index figures or criteria are surpassed, these premiums amount to up to 50 percent of the basic premium. If the stipulated parameters are not attained, premiums are reduced. Incentive for early conclusion of the contracted work is provided by additional charges; discounts are given if deadlines are not met. The amount of the additional charge or discount must not exceed 5 percent of the price, less the amount of the basic premium.

In order to achieve continuous full-capacity use of the Science and Technology Fund and maintain the Research Center's current assets at an economically acceptable level, each month the center bills the client enterprises for 75 percent of the planned financial outlay for projects in a given month, with no direct evidence of work accomplished. Once the project is concluded -- or upon successful accomplishment of the agreed work phases according to the state nomenclature for Science and Technology Plan tasks -- the overall account is balanced. In this process the costs actually incurred up to this phase of the work are compared with the monthly amounts already paid; the difference is either debited or credited. At the same time, the proportional

basic premium resulting from the agreed plan costs from this work phase is charged and the eventual added charges and discounts determined.

In addition to the contractual research and development projects (approximately 50 percent of all projects), the Research Center performs, on its own, tasks involved in basic research, applied research and special developments -- such as the MKF-6 multispectral camera. Money for these projects is provided from the combine's centralized Science and Technology Fund and/or from the state budget.

What Is Yet To Be Done?

We have been working according to economic accounting methods for more than a year and are able to say that the sought-after goals have been attained. The regulations have proven out and are manageable. Nevertheless, legal regulations as well as some decisions made in the combine still limit the incentive effect on economic accounting in the field of research and development. For example, pricing for scientific-technical work on the basis of actual costs only inadequately encourages the efficient use of money and material for research and development and thus the possible reduction of research and development costs, relative to the result. Another inhibitive factor is the invoicing of nonindustrial goods production, which is charged within the framework of financially planned goods production. A possible solution would be agreed prices for research and development work on the basis of planned costs (with the determination of specific tolerances). The Research Center would then experience actual cost reductions.

The financing of research and development expenditures involving risk is still quite difficult at present -- for example, in the event of a necessary premature termination of a project or sanctions charged to the enterprises. That is, the required total or proportional financing out of enterprise returns presupposes that a research center accomplishes material production -- perhaps as the result of special contract work. Our view is that the specifics of research and development work would be better served if a risk fund could be established in research centers or comparable facilities, similar to the situation with the manufacture of special equipment.

Furthermore, current regulations on granting extra premiums are still one-sided in pointing material interest in the direction of surpassing scientific-technical and economic parameters. Consequently, particularly in the case of objectives such as those required for peak performances, these regulations have virtually no effect because such parameters can be surpassed only in exceptional cases. Attempts must be made to find a new system which assigns priority to the adoption and realization of challenging objectives and requirements.

Nor has a satisfactory solution been found to the problem of material incentives for research and development projects which the Research Center conducts on its own. No basic premiums can be charged for this work, and

consequently, if one disregards the very limited redistribution within the combine, none of the center's own assets can be channeled into the Premium Fund. This inhibits assurance of the long-range scientific lead because interest is directed chiefly at research contracted for by the enterprises. Even the existing regulations on determining the amount of basic premiums and the extra premium offer only small incentive to complete phases of the work -- or the entire Research and Development Plan -- ahead of schedule. If this problem is to be solved, more concentrated use must be made of the opportunities existing within the combine. Narrow boundaries have been set here, however. We therefore consider it necessary to revise the regulations on the formation and use of the Premium Fund for research and development institutions.

Normative Profit for Pricing

It appears on the whole that all the aforementioned problems are linked directly or indirectly with pricing for scientific-technical work. A change in the pricing system would therefore seem to be called for. Instead of the calculable basic premium and the extra premium in any form, a normative profit should be included in the price, with appropriate provisions worked out for its use. A suitable basis would have to be discussed. Of course, other questions have yet to be clarified in this regard -- for example, the altered role of additional charges and discounts, a possible division of proceeds, the extension of pricing to all scientific-technical work performed by a research center, the scope of self-financing and other questions.

FOOTNOTES

1. Cf W. Biermann, "Combines -- A Modern Form of Our Industry"; E. Honecker, "Tasks Involved in the Continued Implementation of the Ninth SED Party Congress Resolutions," Berlin 1978, p 109, and "Topflight Scientific-Technical Achievements -- Prerequisite for Continuous Increase in Effectiveness," EINHEIT, No 1, 1979, p 21.
2. The legal basis is the Decree on the Responsibilities, Rights and Obligations of the State Enterprises, Combines and VVB's [Association of State Enterprises], GESETZBLATT DER DDR, Part I, No 39, 1973, p 405.
3. Order on the Financing and Stimulation of Scientific-Technical Work in the GDR, GESETZBLATT DER DDR, Part II, No 73, 1972.

7458
CSO: 2300

INTERVIEW ON EFFECTS OF CHANGING EXCHANGE RATES

Budapest MAGYAR HIRLAP in Hungarian 30 Oct 79 p 7

[Interview with Istvan Hagelmayer, director of the Financial Research Institute, by Gyorgyi Rajna]

[Text] Enterprise experts have been perusing more and more anxiously in recent years the last page of MAGYAR KOZLONY, where the table of exchange rates appears. For changes in the exchange rate strongly influence the profitability of the enterprises. The policy of maintaining stable exchange rates for decades has changed since the early 1970's, and the changes in the world economy have compelled also the Hungarian economy to pursue a more active exchange-rate policy. What does this change mean, and what can be expected in the future? This was the subject of our interview with Istvan Hagelmayer, director of the Financial Research Institute.

Effect on Foreign Trade

[Question] The adjective "active" implies action. Are we sufficiently active in our exchange-rate policy?

[Answer] First of all I would like to clarify the meaning of this concept. An exchange-rate policy is active if it follows flexibly the permanent changes in the prices of foreign currencies, and also the changes in the world-market price level. The exchange rate--which at the enterprises appears as a price multiplier--plays a very significant role in the commodity structure of our export and import in foreign trade, and in the case of development decisions it is a very important instrument of our system of regulation, perhaps the most important instrument from the viewpoint of foreign trade. Therefore the introduction of a new exchange-rate system in 1968 was warranted. At that time the commercial and noncommercial exchange rates were determined: the commercial exchange rate, based on the actual purchasing power parity of the forint and other currencies; and the noncommercial exchange rate, based on the foreign and domestic price levels of the so-called tourist basket (a basket of the goods and services that foreign tourists most often buy in our country). This system functioned

smoothly for a few years, although we had to take cognizance of the more and more frequent upward and downward revaluations of foreign currencies. And when the capitalist countries' inflationary trends penetrated also the international market, we had to transmit more and more frequently also to the domestic prices the market fluctuations of the exchange rates. Up to 1976, however, these changes hardly affected the enterprises: we allowed the spiraling world-market prices across our border only to a very moderate extent, and thereby we prevented the exchange rate from performing its pricing function.

[Question] How did this affect our foreign trade?

[Answer] Exporters achieved higher prices fairly easily and received unjustifiably more forints. Hence their profits showed a relative rise. But also in the case of import, the enterprises did not feel the higher costs. Despite the intensifying foreign competition, therefore, they were not compelled to improve their marketing and to produce more economically. Presumably this, too, contributed to the worsening of our terms of trade. It became increasingly urgent that we let the enterprises feel the permanent changes in the external price level. For this it was necessary to revise first of all the producer prices, to adjust the domestic price ratios to the foreign ones, and subsequently to revalue the forint upward, i.e., to reduce the number of forints payable in exchange for a dollar. In this way we started to protect ourselves also from external inflation. Admittedly, the consequences did not meet our expectations in every respect. From 1976 on, exporters received fewer forints than before, but central aid offset this to some extent. And since import remained relatively cheap, it did not provide any incentive for economies and also made more difficult any evaluation of the economic effectiveness of export.

Golden Mean?

[Question] How does one find the golden mean?

[Answer] This problem, in my opinion, cannot be solved effectively so long as our domestic price system does not follow suitably the price changes on the world market, so long as our producer prices are higher than our consumer prices, in other words, so long as there is a negative difference between the two price systems. Debate has been going on for a long time in professional circles, and the views are divided. With the revision of our producer price system we have unquestionably advanced a step. But this does not yet provide an opportunity for introducing a unified exchange-rate system, for bringing the commercial and noncommercial exchange rates to the same level. Others are of the opinion that the commercial exchange rate should be reduced, even if it does not reach the level of the noncommercial exchange rate. The only trouble with this solution is that we would fall in the same situation as before: the prices of imports would decline, and this in itself would stimulate import. On the other hand, there would be an increase in the number of enterprises unable to export at the low exchange rate, without some special assistance. This would distort the system

of evaluating enterprises and would cause uncertainty in judging the economic effectiveness of export.

[Question] In other words, our quoted foreign exchange rates must provide reliable information about the real value of foreign currencies. Stable exchange rates are a thing of the past, and our external-market environment does not tolerate them. But I wonder whether our enterprises are ready for an exchange-rate policy more flexible than the present one?

[Answer] The enterprises have already been complaining that changes in the exchange rates have been causing them substantial losses. To a certain extent this is understandable: in the customary economic system based on stable exchange rates, it is an unusual step that one factor of the regulator changes with unspecified periodicity. The countering of this change poses no small task for the enterprises, for which they have been unprepared. Unfortunately, we took the complaints into consideration excessively, and ourselves were unable to counter the bad habit. We wanted to stabilize the situation in such a way that the enterprises be able to exist, independently of the world market. Therefore our active exchange-rate policy has not yet achieved the desired effect, has not stimulated economies and better marketing and pricing, and has misinformed the consumers about the costs--our export has not increased at a suitable rate, and our import has barely declined.

Consistent Implementation Necessary

Since in the future--in the case of changes that promise to be permanent--we will modify without delay the exchange rate of foreign currencies, the enterprises will have to adapt to this policy more flexibly. If a price rise is experienced on the world market, our exporters will have to attain prices higher by the same rate, to offset their losses from the possible upward revaluation of the forint. Naturally, this presupposes closer ties between industry and foreign trade than up to now, and it demands joint thinking and joint action. Exchange-rate insurance also will become more important, for it can offset to some extent the losses arising from rapid changes in the exchange rates of foreign currencies. However, this will not eliminate entirely the factor of uncertainty: entrepreneurial risk will be even greater in the future, and correct forecasts will become more important. In any case, however, our active exchange-rate policy will have to be implemented consistently if in the long run we are to introduce a unified exchange rate, and if the exchange rate is to perform its basic function and suitably stimulate economic activity.

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STRUCTURE OF HUNGARIAN-DANISH TRADE DESCRIBED

Budapest KULGAZDASAG in Hungarian No 10, Oct 79 pp 46-54

[Article by Miklos Kovacs: "The Peculiarities of the Commodity Structure of Hungarian-Danish Trade"]

[Text] The turnover of Hungarian-Danish commodity trade during the past two years was characterized by disequilibrium: while Hungarian export stagnated, Danish export rose rapidly. According to the statistical data, industrial goods--about half of them finished products--account for 95 percent of our export to Denmark. This impressive indicator, however, conceals the true picture of the turnover. If we screen out the ad hoc deals, it is striking that such favorable processes as the expansion of the assortment of industrial consumer goods, and the systematic exploration of the possibilities inherent in small commodities, occur predominantly in those commodity groups where there is strong price competition from the developing countries and the other socialist countries. The fact that few Hungarian items are sold under brand names jeopardizes efforts to increase the market share of Hungarian products, and also the price position of our products is not the most favorable, because of the wide assortment on the market. Despite these difficulties, there are opportunities to increase the export of certain farm products, machine tools, pharmaceuticals, metallurgical products, and synthetic materials. However, an important prerequisite for the realization of these opportunities is that our enterprises, when formulating their business policies, must pay more attention to the fact even small markets require continuous deliveries. The frequently occurring significant fluctuations in export allocations harm not only our chances on the market, but also the general impression about us.

In a summary evaluation of the Hungarian-Danish trade turnover there are essentially two principal statements that we can make, statements that naturally are interrelated but have opposite impacts.

1. On the one hand, in the turnover's growth rate the symptoms unfavorable from Hungary's viewpoint are intensifying. Hungarian export--reflecting the principal problem of our trade with the dollar area--has been stagnating for the past two years, at around 28 million dollars. At the same time, however, the rapid rise of import continued in 1978, already reaching 46 million dollars, from 27 million in 1976. As a result of this imbalanced growth, the net balance of trade worsened: the trade surplus in 1976 changed to a record deficit of 18 million dollars. Consequently, also the export-import ratio worsened increasingly, dropping from 69.7 percent in 1977, to 60.4 percent in 1978.

2. On the other hand, however, a noteworthy favorable change is taking place in the commodity structure of our mutual deliveries. As a result, the commodity structure of Hungarian export to Denmark is one of the most favorable in comparison with our trade with other developed capitalist countries. Industrial products account for nearly 95 percent of our export to Denmark, and within this the proportion of finished products (machinery, installations, transportation equipment, and industrial consumer goods) is 46.8 percent.

Table 1. Structure of Hungarian Export (Percent)

1. táblázat

A magyar kivitel szerkezete
(adatok százalékban)

	A fejlett tőke- országokba irányuló exportunk	Dániába irányuló exportunk
	(1)	(2)
(3) Energiahordozók	1,8	—
(4) Anyagok, félkésztermékek, alkatrészek	36,0	47,8
(5) Gépek, beruházási javak, szállítóeszközök	6,0	4,7
(6) Fogyasztási iparcikkek	24,0	42,1
(7) Mezőgazdasági, élelmiszeripari termékek	32,5	5,4
	100	100

Key:

- | | |
|---|---|
| 1. Hungarian export to developed capitalist countries | 5. Machinery, capital goods, transportation equipment |
| 2. Hungarian export to Denmark | 6. Industrial consumer goods |
| 3. Sources of energy | 7. Farm and food-industry products |
| 4. Materials, semifinished products, parts | |

Noteworthy is the fact that even within the materials sector--to no small extent as a result of mutual cooperational deliveries--the proportion of parts and subassemblies is ever higher. However, it would be a mistake to overestimate the significance of these structural characteristics, because

it is obvious that in many instances the shifts in the commodity structure are not the results of domestic production's modernization, of purposeful efforts to change the structure, rather they are mostly the effects of other factors, some of them ad hoc ones. To draw meaningful conclusions from the commodity structure of our export to Denmark we must screen out the ad hoc factors, separating them from the processes that may be regarded as permanent and show actual trends. For a more realistic evaluation, then, it will be expedient first of all to classify the various factors that influence the formation of the structure.

The commodity structure of trade between any two countries is determined partially by factors and circumstances that have permanent effect (or at least change only in the long run), and partially by ad hoc factors that are difficult to plan in advance or to forecast. Among the conditions that are relatively permanent we may single out as objective factors the nature of the two countries' economies and production structures, the extent to which these economies and their production structures are complementary, the peculiarities of their legal systems and systems of institutions (the tariff system and degree of protectionism), the natural conditions (the size of the market, the geographic distance, differences in climate, natural resources, and energy situation). On the subjective side, the presence or absence of trade traditions, purchasing habits and differences in taste, mutual knowledge of each other, and the developed goodwill play an important role.

This listing is by no means complete, but it leads us to the obvious conclusion that the permanent factors are the decisive in shaping the basic features, internal proportions and dimensions of commodity trade between two countries. Even within the structural change itself, the shifts that may be identified as trends are triggered by a--generally very slow--modification of the mentioned system of objective and subjective conditions. However, striking "oscillations" or sudden changes in the commodity structure of trade can be traced predominantly to ad hoc factors, and it would be a mistake to draw far-reaching conclusions from these distortions--even though they may seem favorable--regarding the direction of development. Such effects of a temporary nature may stem from political conditions (for example, delays due to strikes, shipping disruptions, loss of sales due to political tension), trade policy (import bans, the introduction of quota systems), or even from climatic or other natural conditions (drought, quarantine). But a huge spot transaction likewise might cause a sudden change.

Seemingly Favorable Commodity Structure of Our Export

If we approach Danish-Hungarian trade, its volume and commodity structure from the viewpoint of the listed factors, we can easily find the explanation of both the relatively small volume and the seemingly favorable commodity structure. On the basis of the objective factors, the extent to which the two economies are complementary is slight, in other words, we could hardly regard Denmark and Hungary as each other's natural markets. Mostly the parallels are the dominant. Both countries have a paucity of mineral raw materials and sources of energy (although the petroleum and

gas deposits in the North Sea will foreseeably reduce Denmark's dependence on the world market within a few years, but by no means will they end this dependence). In agriculture (and within this in livestock production) Denmark plays a decisive role even today, the performance of this branch is excellent, and its share of export is high. Striking within the structure of industry is the development of the food industry and of the branches that serve agriculture (the production of farm machinery). The domestic market is relatively small (Denmark's area and population are about one-half of Hungary's area and population, hence the population density of the two countries is about the same).

From this brief comparison it also follows that during the past five years the widely open Danish economy was affected just as badly as Hungary by the disruption of the price ratios on the world market, nor can Denmark expect any significant improvement in its balances in the near term. The greatest stresses in Denmark's economy today are the deficits in its balance of payments and balance of trade. Denmark's primary objectives are the expansion of export, the curtailment of import and investments, and reduction of the budgetary deficit. Upon examining the economic-policy environment, we cannot expect any strong absorbing effect from the Danish market in the near future.

So far as the commodity structure of Hungarian export is concerned, it is obvious that Hungarian agricultural export plays a marginal role in this market, because of the objective conditions and parallel production, reasons that will not cease even in the long run. In addition, it is a known fact that institutionalized and rigid veterinary-health regulations protect the Danish market from foreign shipments of livestock, meat and meat products, which means that the importation of these traditional Hungarian export products (including salami and sausages) is ruled out in advance. The relatively great geographic distance and the additional transportation costs arising from Denmark's insular character have the same effect, because for this reason many other bulky or transportation-intensive farm products cannot be competitive--with special attention to the constantly rising transportation rates--and especially not with competitors who ship by water. On the other hand, the geographic distance is not sufficiently great to place our products at an advantage in terms of the differences in the maturing time of the various crops. Consequently (and of course also because of Denmark's highly developed horticulture, the Common Market's growing self-sufficiency, the very rigid quality specifications, and farm protectionism) only the more labor-intensive fresh and preserved products can come into consideration within this commodity group.

The subjective side likewise has numerous noteworthy effects. For example, the peculiar pallet, the food-consumption, clothing and recreational habits, the traditional British orientation (which causes departures not only in the system of standards), superficial knowledge of Hungary, traditions, and the absence of mutual tourism--all are factors that make difficult, and in most cases even frustrate, the marketing of many Hungarian products (for example, Jonathan apples, wine, pastries, precooked Hungarian specialties).

The cited few examples in themselves provide an explanation as to why the structure of Hungarian export to Denmark differs from the structure of shipments to other developed capitalist countries, why the agricultural sector's share is so low, and why the proportion of industrial products is so outstandingly high. The existing parallel conditions, and the fact that the two national economies do not complement each other are reflected also in the mentioned low level of the turnover. The small trade volume also means that the commodity structure's commodity sensitivity is greater; in other words, that the so-called ad hoc factors might cause ever-greater fluctuations with each year. A good example is our one-time outstandingly high metallurgical export in 1976, and its low level last year, due mostly to the Common Market's trade policies. As a result of the 1976 drought, there was an exceptional opportunity to export feed, which doubled both the volume and share of our agricultural export. Fluctuations in domestic export allocations manifest themselves more intensively in the case of the smaller export destinations, because experience indicates that our enterprises regroup the limited export allocations mostly at the expense of the smaller customers (and hence generally of the smaller markets) that require relatively more work, and in many instances such conduct is objectionable from the viewpoint of business policy.

Development of the Commodity Structure of Hungarian Export and Import

We can investigate the commodity structure of Hungarian-Danish trade by examining the development of this trade itself, but it might be interesting to compare it also with the figures of trade between other countries. In this way we will be able to compare the commodity structure with that of our trade with other developed countries, and we will be able to examine also the peculiarities of Danish trade with the other socialist countries. Let us first examine the development of the commodity structure of our trade with Denmark.

In Table 2 it is advisable to examine primarily Hungary's export. Import is treated only in general outlines, the more so because ad hoc factors play a very big role in the import structure's changes. Decisive items in our import from Denmark are fish meal and meat meal, their volumes fluctuating considerably from year to year. Understandably, their volumes--just as in the case of items generally traded on commodity exchanges--are determined primarily not by considerations of provenance and destination, but by the conditions of market supply and by the fluctuating domestic demand. Concerning the development of our import, we nevertheless must take two unambiguous trends into consideration.

Gratifying is the fact that our imports of machinery are rising rapidly. Denmark is a competitive supplier of mostly food-industry, agricultural, heat-engineering, pollution-control, computer-engineering and electronic machinery, equipment and instruments, and also the import of parts and sub-assemblies in these branches is rising constantly. For the supply of complete industrial plants, however, Denmark comes less into consideration, due to the peculiar structure of Danish industry that is based on highly specialized plants, mostly of small and intermediate size. Denmark

Table 2. Commodity Structure of Hungarian Trade With Denmark (Percent)

2. táblázat

A Dániával folytatott magyar kereskedelem szerkezete
(százalékban)

		Export		Import	
		1973	1978	1973	1978
(1)	Energiahordozók	—	—	—	—
(2)	Anyagok, félkésztermékek, alkatrészek	60,1	47,8	21,8	33,3
(3)	Gépek, beruházási javak, szállítóeszközök	0,9	4,7	29,8	43,0
(4)	Fogyasztási iparcikkek	29,9	42,1	2,8	2,6
(5)	Mezőgazdasági, élelmiszeripari termékek	9,1	5,4	45,6	21,1
		100	100	100	100

Key:

- | | |
|---|------------------------------------|
| 1. Sources of energy | 4. Industrial consumer goods |
| 2. Materials, semifinished products, parts | 5. Farm and food-industry products |
| 3. Machinery, capital goods, transportation equipment | |

participates in such export as a subcontractor. A good example of this is the fact that Danish companies recently supplied about 10 million dollars' worth of equipment for the Szabadegyhaza sugar factory's investment project.

Another noticeable change in the commodity structure of our Danish import is the shrinking proportion of agricultural products. Because of the industrial sector's rising significance, the relative weight of the agricultural commodity section will become smaller and smaller in the long run (although, in addition to animal proteins, we are importing more and more food-industry auxiliaries, pectin, seed, and breeding animals).

In Hungarian export, the very heterogeneous commodity group of industrial consumer goods shows the most spectacular development. Its share grew --more or less steadily--from 29.9 percent five years ago, to 42.1 percent. It is noteworthy that the decline last year (also for reasons of trade policy) in textiles and clothing-industry products, which used to account for much of the volume, was offset successfully by broadening the assortment and systematically developing the possibilities inherent in so-called small commodities. We may include here sports and camping equipment, rugs, woven goods, toys, books, gramophone records, and stamps. Hungarian fur export is promising. We may regard as progress the fact that in the category of durable consumer goods we successfully marketed television sets in Denmark and increased our export of incandescent lamps, refrigerators and soda-water siphons. We were able to sell even Hungarian sailboats on the otherwise very demanding Danish market. The listed results seem favorable at first

glance since these commodities, in a statistical sense, may be listed in the category of finished industrial goods. And yet, in the light of the efforts to modernize the product structure, this statement must be accepted with some reservation.

The outlined spectrum of consumer goods consists predominantly of products that compete with similar products offered mostly by developing countries (and in many instances by the other socialist countries as well). These commodities may hardly be regarded as the products of a modern production structure in the present sense. It is likewise a fact that in price our consumer goods, due to the exceptionally wide assortment available in Danish stores, can attain at most the medium-price range, and there are hardly any brand names among them (perhaps with the sole exception of incandescent lamps). Thus it is not surprising that Hungarian products can be found only rarely in the prominent department stores or exclusive specialty stores that sell, practically without exception, only products of high and constant quality, at luxury prices. This again shows that the often mentioned weaknesses of the marketability of our products cast a shadow even on the seemingly most favorable commodity section within our Danish export structure that is termed favorable.

The change that machinery and capital goods, and transportation equipment are represented more and more noticeably in the structure of Hungarian export deserves increased attention. Although our machinery export is still rather small in its absolute value and proportion, it is indisputable that its relative weight increased fivefold during the past five years, and further dynamic growth can be expected with the commencement of bus sales. Danish statistics (based on the SITC system) provide an even clearer picture: the proportion of our machinery export is already 14 percent. This development is supported by farm machinery, and by certain types of pollution-control equipment and electric motors. Further progress can be expected also in the area of machine tools. Despite its decline, the materials sector unalterably remains the principal item of Hungarian export (even to such a distance), but here very wide fluctuations can be experienced from year to year, as a result of the fluctuations in domestic export allocations. In the case of adequate domestic export allocations--either in metallurgical products that constitute the largest item, or through the startup of the new capacities for synthetic materials (PVC, polypropylene), or as a result of the paper industry's expansion--trade from the market's viewpoint could be expanded considerably, which would influence the picture of our export structure in an "unfavorable" direction.

There are numerous opportunities also for the expansion of Hungary's agricultural and food-industry export, although this sector of our Danish export--because of the already mentioned conditions--can hardly improve the net balance of our trade. But the decline of its share can be arrested, and even a higher proportion could be achieved than at present. For this to happen, however, we must find the special products that, over and above the present circle of principal products (honey, paprika, wine, vegetables and fruit), could result in a further expansion of trade.

What was said above helps to explain why occasionally also certain reservations are in order when we generally evaluate as favorable the changes in the commodity structure of Hungarian-Danish trade, because the results may be regarded as satisfactory mostly in a relative sense, in comparison with the situation earlier.

Danish Trade With the Socialist Countries

What similarities do we find when we compare Hungarian-Danish trade and Danish trade with the other socialist countries? For the sake of comparability we regrouped the Danish statistics (based on the SITC classification) to conform to the five-digit Hungarian classification. Hungarian data give somewhat different internal proportions, but the identifiable trends are essentially the same as when computed on the basis of Hungarian statistics.

Table 3. Danish Import From Socialist Countries (Percent)

3. táblázat

A szocialista országokból származó dán import
(százalékban)

	Szovjet- unió (1)	NDK (2)	Lengyel- ország (3)	Csehszlo- váchia (4)	Magyar- ország (5)	Románia	Bulgária
(6) Energiahordozók	87,4	18,8	69,3	0,6	1,9	1,2	0,4
(7) Nyersanyagok	7,6	43,2	12,1	59,7	55,7	39,4	12,2
(8) Gépek, szállítóeszközök	3,2	12,6	7,4	15,9	14,0	7,1	41,0
(9) Feldolgozott termékek (fogyasztási cikkek)	0,4	20,3	5,4	22,7	20,9	46,5	21,5
(10) Élelmiszerek, dohány, italok, állati és növé- nyi olajok, zsírok	1,4	5,1	5,8	1,1	7,5	5,8	24,9
	100	100	100	100	100	100	100

Key:

1. Soviet Union	7. Raw materials
2. East Germany	8. Machinery, transportation equipment
3. Poland	9. Manufactured products (consumer goods)
4. Czechoslovakia	10. Food, tobacco, beverages, animal and vegetable oils, fats
5. Hungary	
6. Sources of energy	

In order to reflect the commodity structure in terms of the volume of the turnover, we present also the 1978 Danish export and import, in value terms (see Table 4).

It is apparent that the Soviet Union and Poland are in a separate category in terms of both the volume and the balance of their trade. For them--due to objective conditions--the Danish market comes into consideration as a significant balance-improving factor. The reasons are obvious in the commodity structure: sources of energy account for 87.4 percent of the Soviet export, and for nearly 70 percent of the Polish export. Naturally, this

Table 4. Denmark's Trade Turnover With the Socialist Countries (Million Danish Kroner)

4. táblázat

Dánia kereskedelmi forgalma a szocialista országokkal
(millió dán koronában)

	Szovjet- unió (1)	NDK (2)	Lengyel- ország (3)	Csehszlo- vákia (4)	Magyar- ország (5)	Románia	Bulgária
(6) Dán export	357,2	346,1	573,5	140,8	248,4	93,5	70,5
(7) Dán import	1762,8	360,2	1053,3	271,1	161,8	62,3	44,3

Key:

- | | |
|-------------------|------------------|
| 1. Soviet Union | 5. Hungary |
| 2. East Germany | 6. Danish export |
| 3. Poland | 7. Danish import |
| 4. Czechoslovakia | |

proportion overshadows the role of all the other components of export, and yet in absolute value Poland's agricultural export to Denmark is greater than the combined agricultural and food-industry export of all the other socialist countries, and the Poles play the leading role also in the machinery sector. This reflects also the fact that traditions of Polish-Danish trade are the strongest.

Likewise noteworthy is the relationship that at the other end of the line are the socialist countries (including Hungary) in whose production structure and Western export agricultural products still play an important role even today. It is no coincidence that these countries--in contrast with all the other socialist countries--do not have a net surplus in their trade with Denmark, and for them their growing trade deficit creates a problem.

In terms of the volume of trade, however, Romania and Bulgaria may be placed in an entirely different category than Hungary. The relatively very low level of export may explain the conspicuously favorable commodity structure of Romanian and Bulgarian export: machinery accounts for 41 percent of Bulgarian export to Denmark, while the proportion of industrial consumer goods (mostly furniture) is the highest within Romania's export. In the export of Czechoslovakia and East Germany we find features very similar to Hungary's structure: the proportions of both consumer goods and machinery are approximately the same, although both countries are far ahead of us in terms of volume. Mostly in the case of East Germany this is explained by geographic proximity and the traditions of Baltic trade. Thus this structural parallel supports to some extent our earlier statement that our present commodity structure can be termed relatively favorable. But the figures (considering the substantially larger East German and Czechoslovak export volumes) also call attention to the fact that our Danish export still might have significant reserves, even if the present internal proportions are maintained.

Reserves in Hungarian-Danish Trade

In the coming years we can hardly expect a further significant--favorable--rearrangement of the commodity structure of Hungarian export to Denmark. The explanation of this is that the most significant reserves for the short-term expansion of trade are in the sector of materials, and even our farm and food-industry export still has significant untapped possibilities. In contrast with this, the presently high proportion of industrial consumer goods can hardly be increased further for the time being, although a slow expansion can be expected also here. Development of the machinery and vehicle sector remains unalterably promising, and this could mean that its share might rise evenly from year to year.

Obviously--in the case of every commodity group--we must primarily regard as important what the individual statistical categories actually contain. Thus, for a realistic--and, in the given case, critical--evaluation we must always penetrate deeper. First we must screen out from the superficially impressive relative proportions the ad hoc factors that are not characteristic in the long run. Furthermore, it is likewise not indifferent whether modern products of a high level and excellent quality, and hence in a high price range, or their exact opposites are the decisive in a given commodity section, be it materials or machinery. Thus "real" structural improvement must occur primarily within the individual categories. Denmark's export structure is perhaps one of the best available examples to illustrate that in the case of small countries it is not necessarily expedient to measure the modernness of the commodity structure (and production structure) in terms of the proportion of finished products.

The general experience is that in trade with small markets, particularly the extent to which the two economies are complementary is small, the commodity structure's commodity sensitivity is greater, and the changes in the structure--as functions of certain business developments--are within a wider range. At the same time it is desirable for considerations of trade policy, and in most cases also from the viewpoint of enterprise business policy, that bilateral relations develop as evenly and harmoniously as possible, damping the sporadic fluctuations. In the case of Denmark, this has been enhanced also by our efforts to place export on a wider basis, to diversify it, by exploring every available export opportunity and by mapping the smallest components of enterprise activity. Furthermore, the expansion of cooperational activity likewise functions in this direction, enhancing the elements of stability in mutual relations, also in the long run. Denmark provides more opportunity for this, specifically on the basis of the repeatedly emphasized structural parallels, similar production conditions and production specializations.

It is also very important that the enterprises recognize, and take more closely into consideration when formulating their business policies, the fact that also small markets require continuous commodity shipments. The frequently occurring significant fluctuations in export allocations harm our chances on smaller markets, our price position on these markets and, last but not least, our reputation as traders.

ENERGY COOPERATION WITH AUSTRIA DESCRIBED

Budapest MAGYARORSZAG in Hungarian No 45, 11 Nov 79 p 37

[Article by Janos Rathonyi: "Lignite on the Border"]

[Text] When Theodor Kery, the chief of Burgenland Province, visited Hungary a few weeks ago (see page 12 of this issue), he toured also the Gagarin Thermal Power Plant that is based on Gyongyos-Visonta lignite. He was able to see with his own eyes that the Hungarian pollution-control equipment has solved faultlessly the power plant's smoke, flyash and other problems. To reassure Austrian public opinion that is so sensitive to air purity and environmental pollution, Theodor Kery was also able to confirm that the use of lignite, with a suitable combustion technology, did not endanger agriculture, despite the above-average sulfur, ash and moisture content of the lignite. To the contrary, thanks to recultivation in the Gyongyos area, the local co-operative farms have achieved above-average yields in grapes, grain and fruit. The initial opposition that arose when the power plant was built is now a thing of the past. The chief of Burgenland Province was shown also the large-scale greenhouse project that is heated with the power plant's waste heat. Here the peppers and tomatoes planted in July are already ripening and will be marketed before Christmas.

Five Hundred Million Dollars

The Austrian-Hungarian preliminary agreement, some details of which Austria's Deputy Chancellor Androsch discussed with Hungarian cabinet members during his latest visit to Hungary, will be signed hopefully this year, but not later than early next year. To satisfy Austria's growing demand for electric power, a 600-MW thermal power plant is being planned, based on the lignite deposit at the village of Torony near Szombathely, estimated at about 350 million tons. Austria has offered credit to finance the development of the lignite mine whose output would supply exclusively the Austrian power plant at the border, over a conveyor-belt system 2 to 2.5 km long. About 500 million dollars--6.5 billion schillings--has been earmarked for the construction of the power plant and of the Hungarian mine.

Austrian-Hungarian cooperation in power supply is not of recent origin, but dates back 10 years. Our neighbor, Austria, supplies its demand for electric

power mostly with hydroelectric power, whereas Hungary obtains 99 percent of its electric power from thermal power plants. The operation of hydroelectric power plants depends, among other things, on the weather. When there is ample water in Austria, it supplies electric power also to Hungary. During periods of water shortage, however, we help to supply Austria. This power swap regularly amounts to 250 million kilowatt-hours a year, and both sides are satisfied with its advantages. The power-swap agreement has been extended to 1983. During the past ten years, the Hungarian electric power system has demonstrated that it is a reliable partner, and that it can be depended on not only during periods of water shortage but also in the case of power failure. This trust is justified, and thus the far more significant further cooperation that is based on the proposed Austrian power plant at the Hungarian border and the Torony lignite mine did not start from zero.

The lignite in the Torony area, on farmland and timberland whose utilization is relatively not very intensive, was discovered a decade ago, within the framework of the central development and raw-material exploration program. Based on the economic effectiveness of mining and the level of technology, the lignite reserves are estimated at around 350 million tons. Parts of the lignite deposit extend into Burgenland. However, Austria does not want to develop them and at most will keep them in reserve for the future, because our western neighbor has a paucity of energy resources. (Hydroelectric power plants account for two-thirds of Austria's output of electric power, and the annual demand is 28.2 billion kilowatt-hours. Hydroelectric power plants generate 18.8 billion kWh; thermal power plants, 11.5 billion; and 3.2 billion kWh is imported. Austria's export is 5.3 billion kWh. During periods of water shortage, in the winter months, Austria is forced to import 5 percent of its annual demand.)

Torony Plans

The quality of the lignite in the Szombathely area deposit is rated at 1800 calories per kilogram. And since it is common knowledge that lignite has a high moisture and ash content, it is suitable for use primarily in thermal power plants. The fact remains that its use as fuel creates combustion-engineering problems. Consequently there is a reluctance to use lignite in countries that lack experience in the combustion engineering of low-grade coal. For when the boilers are stoked with 1800-calorie coal, the volume of spoil, the moisture and ash content, may occasionally vary. Understandably, technical problems may arise if unsuitable installations are used. But this combustion technology is well known in Hungary because the Gagarin Thermal Power Plant, for example, burns 1500-calories coal with satisfactory results. The calorific value of the lignite in Torony is 1800 calories, better than that of Gyongyos lignite. Hence the experience in Hungary can reassure those who have doubts. Consequently, the power plant in Austria must be built with installations suitable for lignite fuel. The guaranty for this is the vast experience in power plant construction, of the Simmering-Graz-Pauker firm, the initiator of the entire Austrian-Hungarian cooperation in power generation.

In this highly significant cooperation in power generation, the interests of the Hungarian party are identical with those of the Austrian party. There is a basic relationship between generating capacity and the size of the mine: the greater the capacity of the generating unit, the greater and the more secure the mining of the lignite. The Torony lignite reserves could easily supply even three 500-MW generating units, which would make the operating and investment costs more favorable. However, a smaller total generating capacity--less than 600 MW--would not be economical for either the power plant or for lignite mining. Both sides agree on this. The planned operating time of the 600-MW power plant is 5000 hours a year; this would require 3.6 to 4 million tons of lignite, depending on the load. It should be taken into consideration that if the lignite-fueled power plant is built and connected to the Austrian power system, it must operate continuously because it would not be economical to periodically reduce its output. Such curtailment of output would create technical difficulties, because the power plant cannot operate once at 100 percent capacity, and at 60 percent capacity at other times. Otherwise this could not even occur in a country where the output of the hydroelectric power plants during peak [sic] demand can be stored. (It would be far more economical to increase the planned generating capacity of the power plant to, say, 3 x 500 MW, because in this case also the mine's output could be trebled, and the mining costs and transfer price would be significantly lower.)

Austria, in accordance with its energy program that has been reported in detail by the Austrian press, is willing to provide credit for developing the lignite mine in the Torony area. In this way an investment would be realized that had not been planned, and a lignite deposit could be marketed that Hungary will not need in the foreseeable future, because we have other lignite deposits more favorably situated. A good example is the Visonta strip mine. Here the lignite reserves exceed one billion tons, of which only 250 to 350 million tons will be mined, because the rest is of a composition such that its extraction is not worthwhile at the present level of technology.

The concepts of the Hungarian mining industry and electric power industry will depend on the amount and terms of the Austrian credit. For, according to the directive of the Hungarian National Bank, the investment's payoff period must be short, and the investment must be viable even without state aid. Of the total investment cost, about 200 million dollars could be spent on developing the mine. The Austrian power plant will also need water, which Hungary will likewise provide, but not free. Furthermore, on the basis of a separate agreement, it will be necessary to install in the power plant a Heller-Forgo water-cooling system, already used everywhere in the world. Austrian environmental protection will be enhanced also by the Hungarian proposal to dispose of the ash and flyash in Hungary, by the method that has already proven suitable in practice, in Visonta.

The agreement that will be signed at the end of this year, or in early 1980 at the latest, will define the sides' intent to cooperate, and it will also specify how much coal of what quality will be needed from when on, and what the financial conditions will be. Agreement will be reached on a number of

financial, legal and judicial questions, as well as on coordinating the solution of practical problems (power failures, maintenance, and major overhauls). It would not be expedient, for example, to establish two repair bases, and agreement can be expected also on this question. Provisions will have to be made in the Sixth Five-Year Plan for the material and manpower requirements of developing the mine. Therefore there is hope that the agreement to be signed during the coming high-level visit will open the way for technical implementation.

Mutually Advantageous

This cooperation was conceived in the spirit of Helsinki, and it is a good and fruitful example of peaceful coexistence. The friendly relations that have developed between neighboring countries and their mutual trust will guarantee that Austria will build a power plant, one it would be unable to operate without our country, and that Hungary will develop a mine which it otherwise would be unable to maintain. (Lignite cannot be transported over considerable distances and cannot be stored for longer periods of time, because it deteriorates.) Many persons might ask why are we exporting energy when our paucity of energy resources is well known. Torony lignite does not figure in Hungary's long-range plans. Until the year 2000 or even 2010, we will have domestic coal reserves from which electricity can be generated more economically. Utilization of this Vas Megye lignite could come after the year 2010, but by then this task will have been assumed foreseeably by nuclear power plants. Thus this "handshake" between Austria and Hungary in electric power generation offers great advantages to both sides.

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PROVISIONS OF 1980 SOCIOECONOMIC DRAFT PLAN PRESENTED TO SEJM

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[Text of speech by Tadeusz Wrzaszczyk, vice premier and chairman of the Planning Commission, at the 1 December Sejm session: "Basic Provisions of the National Socioeconomic Plan"]

[Text] Citizen Marshal, Honorable House: On behalf of the government I would like to present the provisions of the 1980 National Socioeconomic Draft Plan, which is an important element of the implementation of the tasks of the present 5-year period, which is ending, and of the programs adopted by the sixth and seventh party congresses. The results of 1980 also will determine the base for the tasks in the coming 5-year period.

The general domestic and external conditions have decisively influenced the nature of the plan. They will play a particular role in the very complicated world economic situation in 1980.

Implementation of This Year's Tasks

The results of this year's plan are among the main domestic conditions that determine the provisions of the 1980 plan. Most briefly, those results show that our economy has been further developing this year, although we have not been able to implement a number of important planned tasks. This is so in industry, farming and transportation.

Although the rate of production increases has been greatly speeded up in the third quarter of the year and although many backlogs which occurred in the first half of the year have been eliminated, it is now estimated that the annual increase in industrial production will amount to about 2.6 percent compared with the planned 4.9 percent. Our economy is particularly plagued by the failure to fulfill the production plan for a number of raw and other materials in short supply.

The plan for the production of bituminous coal and a number of other articles will be implemented favorably, but the production of rolled articles, copper, chemical compounds, nitrogen fertilizers, paper and cardboard, and cement will fall short of the plan, which is adding to the present difficulties in supplying industry. Serious cuts in electric

energy have upset the performance of industrial plants, but the work of power stations improved in November, and we are trying to maintain these improvements.

Because of bad weather and floods, the total farm production is expected to be more than 2 percent below the 1978 production, and the value of planned production will be over 235 billion short. Compared with 1978 the grain yields are about 4.2 million tons lower and amount to 17.3 million tons. This is affecting the supplies for breeding farms and has compelled us to import grains and fodder at a high cost.

Because of the exceptionally severe winter and floods, transportation has suffered large losses in the communications infrastructure, roads, railroads, rolling stock and, especially, traction vehicles.

The efforts of the entire economy helped on the whole to eliminate that damage in the first 6 months of the year, but the impact of the damage is still being felt and the volume of transportation will be lower than planned.

A favorable feature of foreign trade is that the export plan, including the one for the capitalist countries, has been almost fulfilled for the first time in many years. However, we still have to additionally import grains and fodder, the prices of which are increasing greatly. The prices of a number of imported raw materials have also greatly increased. That is why the 1979 supply of a number of raw materials will be lower than planned, although the planned funds to pay for imports will have been expanded.

Also failure to implement productivity tasks, especially failure to keep to estimates of production costs, has been of crucial significance. In some sectors of the economy, productivity effectiveness has even deteriorated.

That is why the 1979 generated national income will be much lower than planned.

Bearing in mind that the production in a number of plants decreased at the beginning of the year because of the severe winter, we decided to pay the planned wages, although production was below the plan, because we did not want workers to have their wages reduced. Motivated by important public and social considerations, we have implemented the increases in the wages of a number of classes of workers in keeping with the wage increases planned for 1979. At the same time, the planned wage fund has been overdrawn here and there for reasons that were not all objective reasons.

This year the population's cash incomes have increased by about 10 percent instead of about 8 percent as we planned. At the same time, the supply of market goods is increasing more slowly than the planned rate because of industry's failure to implement the plan. We feel this when we go to the market.

[AU061405] We have made great efforts to counter this year's difficulties. Such efforts and the entire economy's ability to adapt itself to working under changed conditions are helping to gradually improve the situation in many sectors. Despite the losses suffered by the economy in the first half of the year, we have been able to continue to supply the population with basic articles and goods. We are making enormous efforts to implement the housing program and the aims of our social policy.

We have consistently implemented the annual programs for raising the lower wages, pensions and annuities, including those covered by the so-called old program. We have continued to attach great importance to implementing sociocultural tasks as demonstrated by the construction of new hospital facilities, students' homes and schools, although the implementation of a number of social projects has been very difficult because of the present economic situation.

To sum up: despite a much more difficult economic situation, we have been resolute in implementing the line of maximally protecting social aims, that stems from our party's program and that we continue to implement under better and worse conditions.

The Rate of Development Is Adapted to the Current Potential

External conditions are also responsible for the results of the 1979 plan and for the ratios of the 1980 plan. They include recent high increases in world prices for raw materials, especially in oil prices, which increased 72 percent between April and November of this year. Prices for grains increased 36 percent, and for hides, 67 percent. The interest on loans granted in the world market has greatly increased, and in the past few weeks the capitalist countries' protectionist measures have been greatly tightened and competition has increased.

That is why the conditions for the 1980 plan are difficult. In these circumstances the plan we present to the honorable house is offensive in character, which is demonstrated by the fact that we envisage specific, albeit difficult, tasks to improve effectiveness as the main method of the struggle against present difficulties and to effect the necessary adaptation and further development of our economy.

The basic theses of the 1980 plan are as follows:

First, we want to protect the implementation of social aims, paying particular attention to wage increases, social cash benefits, housing construction, proper food supplies, despite agriculture's poorer results in 1979, and the development of medical care, education and culture.

Second, we want to harmonize the development of the economy, paying particular attention to improvements in energy and railroad transportation and to the implementation of the long-term program for the extraction of fuels.

Third, we want to actively eliminate the restrictions on the development of our economy resulting from the present world situation and, mainly, to achieve a trade balance with other countries, especially with the capitalist countries.

The implementation of these theses calls for efforts to adapt the rate of our economic development in 1980 to our potential to supply energy and raw and other materials, especially those from imports, and to make a number of crucial changes in the ratios of development. This requires great discipline, crucial improvements in the effectiveness of economic management and acceptance of a number of tasks that are difficult and call for greater efforts.

Priority of Social Aims

Honorable house, the 1980 draft plan is a consistent illustration of the implementation of the general line aimed at consistently increasing the population's incomes and consumption and at improving our living standards, despite the generally more difficult conditions.

For that reason we want to increase consumption by 2.5 percent compared with 1979, including a 1.7 percent increase in consumption financed from personal incomes.

The 1980 draft plan provides for an increase in real wages by about 1 percent compared with 1979. That is all we can afford now, but if the effectiveness of economic management is more rapid than now planned, the increase in real wages may be higher.

On the other hand, the increases in social cash benefits will be more rapid. In 1980 they will amount to about 2195 billion, that is, will be some 16 percent higher than in 1979. As a result of the law on pensions for farmers that will become fully operative as of 1 July 1980, payments of such pensions will increase by about 213 billion in 1980 as compared with about 27 billion in 1979.

Per capita real incomes will increase by about 1.3 percent compared with 1979.

In keeping with the principles listed for the coming 5-year period in the Eighth PZPR Congress guidelines, we will pay greater attention to establishing income ratios for various sections of the population. This can be seen in the further increases in the lowest wages planned for 1980 and in the intensification of the fiscal and economic measures to prevent excessive incomes not backed by the necessary performance.

[AU061406] We are being consistent in implementing the long-term housing program adopted by the honorable Sejm in 1973.

The 1980 plan provides for the completion of 340,000-346,000 new apartments, i.e., 6-8 percent more than this year. The plan also provides for accelerating housing construction by individuals. This means that about 1 million people will have their housing problems solved. At the same time, we will complete the necessary service facilities, the total area of which will be 9-12 percent larger than this year.

However, we cannot ignore the fact that in this 5-year period we will have spent over 280 billion in excess of the plan on housing construction. Although the number of completed apartments will approximate the planned target and that this excessive expenditure is at the cost of other sectors of the economy. This is a result of the increased cost of housing construction and the infrastructure. For that reason the 1980 plan pays particular attention to greater discipline as to costs and to curbs on the construction of highrise buildings, which are more expensive. Further increases in housing construction costs are bound to reduce the volume of this construction. The plan provides for new systems solutions to increase the volume of housing construction in those voivodships which are able to reduce the cost of 1 square meter of usable area vis-a-vis the norm.

We plan to greatly increase hospital construction--to commission some 13,000 new vacancies in hospital facilities. That would be more than the vacancies created during the first 3 years of this 5-year period. The increasing use of the national health protection fund and the completion of the construction of a number of hospitals whose construction began when the health protection program was taken over are responsible for that. Without the fund it would never have been possible to promote hospital construction on such a scale. As you can see, despite some delays vis-a-vis the original provisions, we are consistent in implementing this important social program.

As a result of the increase in the costs of hospital construction and in the cost of medicines and the raw materials from which they are produced and for the import of which from the two payment areas we will provide the enormous sum of 850 million convertible zloyts in 1980, the fiscal burdens of the state will therefore increase.

The draft plan shows great efforts to improve the market situation. Aside from problems of quantity, in 1980 we will still be faced by crucial structural problems, especially in the sector of meat supplies. Food supplies will increase by about 4 percent overall.

Deliveries of manufactured goods will increase by about 6 percent. Market supplies of light industry products, especially baby clothes, will improve markedly. Market supplies of electro-engineering products, such as automatic washing machines (will increase 36 percent), color TV sets (will increase by 12 percent) and stereophonic tape recorders (will increase by 11 percent), will also be greatly improved. However, the supply of

some industrial goods will not fully meet demand in 1980. The market situation calls for increased supplies as well as greater restraint vis-a-vis the incomes of the population.

The draft plan provides for the further implementation of the long-term programs for the development of education and training of higher schools and culture. In particular, in 1980 we will introduce into the third grades the revised curricula, which are an element of the new educational system, we will increase vacancies in kindergartens as well as the range of nursery care, we will improve social and living conditions in higher schools and we will strengthen the material base of culture.

Citizen deputies, as you can see we have consistently preserved the priority of social aims in the 1980 plan. The achievement of those aims calls in particular for the further development of material production and its base, for curbs on investments to ease the burdens on the national income, for the further rationalization of imports, for better management of raw materials in the production for the market and export, for strengthening control over the population's incomes and wages, for more extensive tapping the untapped manpower potential and for implementing in 1980 the nationwide program for thrift in all sectors of the economy.

Thrifty Use of Raw Materials and Energy

The draft plan provides for an increase of 3-4.2 percent in industrial production compared with 1979.

Our potential to supply raw and other materials, especially those that are imported, is one of the chief factors that determine such a level of production.

In particular--especially in view of the high increases in world prices for raw materials--we must expect that, despite an increase of over 6 percent in the hard currency to be paid for imported raw materials, the volume of imports will be slightly lower than in 1979 because of those increased prices. That is why increases in production must be obtained through a better use of the materials we have, that is, through more rapid efforts to reduce the per unit consumption of materials, through using materials that are more easily available and though considerable progress in efficiently using local, secondary and scrap raw materials.

[AU071407] The draft plan stresses in particular the need to expand the system of norms for the consumption of materials and to rationalize this consumption everywhere.

The effective performance of the energy industry is of key importance for the better implementation of the 1980 plan. We have studied the problem with special attention and have made the necessary decisions,

taking into consideration the proposals of the Sejm debate. The decisions seek, above all, to increase the availability of the electric energy produced by power stations by reducing the incidence of breakdowns, insuring regular supplies of fuels and improving the effectiveness of the exploitation of power stations.

We have taken steps to insure that new energy capacity from investments, i.e., a power increment of 1,620 megawatts, is initiated on schedule next year.

In 1980 we will fully implement a new system of more reliable energy supply that was initiated this year. This should improve the uniformity of the country's demand for energy next year.

At the same time, we have decided that the energy industry should have priority in the supply of the materials for meeting the needs of current production and for the implementation of investments and repairs.

Those measures must be backed by strict regulations for energy thrift that include economic measures. We plan to increase the production of electric energy by 5.9 percent compared with 1979, which means that the increase in energy production is relatively far ahead of the increase in industrial production. The introduction of the new system of electrical energy supply and the aforementioned measures should improve the country's energy situation and reduce the shut-off of energy to consumers.

Better Use of Production Capacities

In view of our present supply and energy situation the draft plan places special emphasis on efforts to obtain the maximum increases in the market and export production we need with the help of the supplies we actually have and can have. We have, therefore, envisaged further changes in the structure of industrial production. While the overall industrial production is to increase by 3-4.2 percent, market production should increase by 5.5 percent, and export production, by 8.9 percent, which means necessarily, that the production to meet the investment needs will be greatly reduced.

This is a difficult task and will require many plants to change their production structure. Those that are not fully committed to production will be used especially for export production, the production of spare parts and market production based on available raw materials. This will call for a suitable control over the implementation of the plan next year and for efforts to prevent any unjustified overfulfillment of it in the spheres not connected with the market and exports.

A flexible allocation of production will be an important problem of next year's plan. What we want to do, above all, is to fully operate the new production lines and facilities built in the past few years, that as a rule are the most productive and efficient.

The production of spare parts has an important place in the plan. Compared with 1979 we plan to increase their production by 7.4 percent. The production of spare parts for energy and farm machinery and for rolling stock should be increased as quickly as possible.

The draft plan lists tasks for ministries concerning the recycling of tires and spare parts. This is because the development of recycling techniques is of crucial importance in the present raw materials situation. In that way we can improve the utilization of our tractors and automobiles. This is why we are expanding the facilities for recycling tires so that we are able to recycle about 1 million tires a year.

Increased Farm Production

Increased grain and fodder production next year will be an agricultural task of key importance because we want to reduce the burdens on our balance of payments.

The grain crop area should increase to 8.3 million hectares, that is, by 5 percent compared with 1979. This is all the more important since we know that grain-crop area has been reduced in the past few years.

This is why the draft plan for the first time outlines the grain sowing tasks for voivodships. They are tasks prescribed by directive for local authorities and farm services. The extension of grain cultivation should be backed by work to intensify the cultivation of meadows and to increase the yields of other fodder plants. In that connection we also plan to increase the cultivation of more productive plants such as corn and "polypast" fodder beets. The implementation of that task will to a great extent depend on the performance and solicitude of voivodships and rural parishes. Next year the government will take measures to curb the practice of using farmlands for nonagricultural purposes. The practice is still too widespread.

[AU061408] In keeping with the plan provisions, in 1980 we will pay special attention to intensified efforts to reduce losses of farm produce in storage and to complete the investments in this regard on schedule.

Thrifty and rational use of fodder is particularly important, because the maintenance and further increase of the livestock population depend on it. We expect that farmers and state farm workers will do their best to increase animal breeding and production wherever this is possible. In this connection we plan to greatly increase the production and processing of fodder, among other measures. For example, the production of hay and root plants should increase about twofold, rich fodder mixtures, about 12 percent, and straw fodder, about 58 percent. This is particularly important if we consider that we have to import large amounts of grains, i.e., 6 million tons, and 1.5 million tons of high protein concentrates.

We have also taken measures to curb the consumption of imported rich fodder on the farms that use it inefficiently. At the same time, we want to ensure that domestic fodder, especially potatoes and other fodder plants, are used more effectively. We plan to tighten control over the norms of fodder and its consumption in the socialized sector of the economy, especially at state industrial farms and in producer cooperatives and agricultural circles. Next year our agriculture will be supplied with 5.7 percent more chemical fertilizers and with increased delivery of tractors and farm machines. All these measures should help boost the value of net farm production under average climatic conditions by 9.4 percent in 1980 compared with the relatively low base in 1979.

Rationalization of Transportation

Citizen deputies, efforts to increase our transportation capacity, especially railroad capacity, by every means were a problem to which we devoted particularly much attention in our work on the 1980 plan.

Improvements in coal transportation and in the transport situation in Silesia and further rationalization of freight are the key problems.

We plan to supply the railroads with about 11,000 freight cars and about 400 electric and diesel locomotives in order to increase transportation capacity. The commissioning, at the turn of the new year, of the steel-sulfur railroad line will improve the transportation situation in the southern part of the country. The draft plan contains decisions to reduce the number of cars that are not fully serviceable. As in the case of the energy industry, the railroads have also been granted priority in material supplies.

These measures must be backed by efforts to improve the loading of cars so that their capacity is fully utilized and to accelerate the turnaround of cars and locomotives because otherwise, regardless of the increases in the supply of technical equipment, improvements in the performance of rail transportation are impossible.

In 1980, the automotive transportation industry will have to maximally use its transport capacity. This calls for improvements in the technical serviceability of transport equipment, for maximally loading the vehicles and for better coordination of operating time between storage facilities and the automotive transportation industry.

As a result of the provisions concerning the development of the production of industry, farming, construction and the other sectors of material production, the generated national income is to increase by 1.4-1.8 percent in 1980 compared with 1979. This is the rate determined in the present situation by the need to achieve an equilibrium between material production and supply capabilities. If production results are better than planned, then that increase can be higher.

Foreign-Trade Courses of Action

According to the draft plan for 1980, foreign trade's basic task is to balance our trade with the capitalist countries, a transition, within 4 years from the adverse balance with these capitalist countries to an equal balance will be an important achievement showing that our economy is able to adapt itself to the conditions of the world economies in an increasingly effective manner. The continuation of such an advantageous trend in the next few years should enable us to achieve a favorable balance of trade and a much improved balance-of-payments situation. To do that we must comply with the priorities of export production and improve its quality. We must also constantly improve the effectiveness of foreign trade and further rationalize our imports. The main items of imports in 1980 will be fuels, raw materials, materials, coproduced components and spare parts.

[AU061520] We plan to introduce new ideas into the system of incentives that encourage the pro-export orientation of our economy.

As for our trade with the socialist countries, the plan stresses most strongly the need to fully implement the measures envisaged by the integration programs and by the accords signed by us within the framework of the long-term guidance programs for economic cooperation among CEMA countries. This will help to make further progress in developing production specialization and cooperation, which is advantageous to us, and to insure long-term supplies of scarce raw and other materials and our participation in joint development projects. We attach particular importance to the further development of trade with the Soviet Union and to the intensification of comprehensive cooperation with it.

Chief Provisions of Investment Policy

Honorable house, according to the 1980 plan, the total investment expenditure will amount to 2600 billion. That means that the share of investments in the national income will have been gradually reduced from 27 percent in 1975 to 17-18 percent in 1980 draft plan. It is true that the sum is 251 billion lower than in 1979, but the overall expenditure which we want to achieve next year will approximate the volume of the investment activities in 1975, when the investment burdens borne by our national income reached their peak.

Given a lower level of investment expenditures in 1980, we will fulfill the following priorities of investment policy:

1. We plan to increase energy expenditures by 10 percent compared with 1979. Accelerated investment activities will go hand in hand with intensive efforts to improve the efficiency of power stations and to better adapt their development to the current requirements of the fuel-energy situation. We will intensify the construction of the Belchatow fuel-energy combine and speed up the heating program.

2. We plan to increase investment expenditures in coal mining, especially in order to increase fuel supplies for the energy industry. In 1980 those expenditures will be 20 percent higher than in 1979. The continued construction of mines in Silesia and the Lublin basin is decisively important.

3. We plan to increase expenditures on rail transportation and ports by 5 percent compared with 1979. This is necessary because we must improve transportation on the trunk railroad lines and between Silesia and the maritime ports.

4. We plan to increase expenditures on housing construction.

5. We plan to increase local investments, paying special attention to completing the infrastructure for new housing settlements. The 1980 plan consistently follows the policy of giving priority to investments sponsored by voivodships offices, because such investments cater to the needs of the people. The total expenditure on housing cooperatives and on voivodship investments will increase by over 18 percent compared with 1979.

Among other things, this will help achieve considerable progress in developing new voivodship cities.

6. We plan to give investment priorities to the ministries in charge of small-scale production. The plan also provides for a reserve fund of over 22.5 billion to finance the development of socialized small-scale industries.

The necessary investment cuts notwithstanding, we have made assistance provisions for a number of sociocultural ministries, especially for the health ministry, which hospital investment projects have reached the stage of intensive completion.

This requires temporary cuts in investment projects in a number of other ministries and also in agriculture and food production. We know that we must quickly modernize our agriculture, and we regard those cuts as temporary and as a result of the special conditions in 1980. We should also recall that in the past few years agriculture has been granted priority investment funds which were higher than provided for by the 5-year plan. As for agricultural investments, we will give priority to those that will improve fodder management regarding water supplies, land improvements and electrification. We must also make better use of and modernize the investments already completed but that are not fully exploited.

The 1980 draft plan provides for structural changes in the investment process. In particular, we will concentrate resources on the selected projects that are particularly important to the economy, on the projects scheduled to be completed in 1980 and on modernization investments. In view of a lower general level of investments, this will call for deliberate and well-considered slowing down of the rate of implementing a number of investments and even for temporarily halting some of them.

[AU061530] We will make special efforts to utilize the stocks of domestic and imported machinery and equipment as soon as possible. In addition--to improve the situation in that regard--we will transfer some of that all-purpose machinery to the socialized sector of the small-scale industry for temporary or permanent use.

Except for housing construction, new investment projects will be implemented only if they are urgently needed and have the government's approval in each case and if they concern small-scale industries and agriculture.

The government will seek to improve the investment process and to tighten controls over investments.

Improved Effectiveness Is the Most Important Reserve

Citizen deputies, productive performance and improved effectiveness of economic management are the most important reserves and the only way to achieve favorable economic development next year. Comrade Edward Gierek, PZPR first secretary, spoke of that at the 16th Central Committee plenum: "Everyone should comprehend the truth that work is the only source of social prosperity and that the fulfillment of our people's plans and aspirations will be determined by the result of our work."

This task is especially important now, because the conditions of our development have become exceptional and the difficulties we have to overcome are greater than ever before.

This is why the 1980 plan is focused on that problem and specifies the tasks for management effectiveness and the courses of action. These tasks will be constantly controlled and accounted for vis-a-vis the management cadres at all management levels. This will be done by the government in the course of its appropriate activities next year.

Cuts in material costs in all units of our economy are of key importance. In a number of cases the available production capacity of those units are limited by the supply of raw materials. In the connection the 1980 plan provides for cutting down the material costs in industry by over 222 billion. Throughout the economy the cuts in material costs should amount to almost 224 billion, that is, about 1.3 percent.

Labor productivity in industry should increase by 4.4 percent, and in construction, by 6.5 percent.

Our tasks in the sphere of employment and cadres will be more exacting. Our country needs manpower in mining, railroads, agriculture and services. All those sectors, which are vitally important for our people's living standards and for improvements in the country's economic situation, are short of manpower.

At the same time, there is reserve manpower in many branches of industry, design bureaus and economic administration. In view of that we must resort to more energetic and effective measures to transfer those manpower surpluses to those sectors of the economy that really need more workers.

We will continue resolute efforts to reduce manpower in economic and central administration in 1980. We will reduce manpower in economic administration alone by a further 5 percent. Work discipline will also have to be tightened and the struggle against absenteeism and the excessive turnover of cadres will be intensified.

We will also see that next year's school graduates are fully and rationally employed.

Savings Program in All Sectors of the Economy

The tasks we pose for industrial enterprises, associations and ministries is to improve their fiscal accumulations and to reduce losses and subsidies. Those tasks as envisaged by the 1980 plan are exacting. All the same, we must implement a nationwide savings program so that we can achieve additional savings worth 210-215 billion.

Every unit and every echelon of our economy must draw up such a program, the implementation of which must be regularly analyzed and controlled. One of the basic criteria by which enterprise and plant management personnel should be evaluated is the results of intensive savings activities. Conservation and savings tasks are considerable, and that is why the efforts of industrial workers, self-government groups and all administrative units should be directed toward them.

We will develop and improve the system of economic criteria and instruments also along those lines. Every ministry will be expected to name the units of the scientific research base that will be responsible for the norms of work and of consumption of materials and for completing the work to update the norm standards by mid-1980. We plan to speed up the universal introduction of standardized cost accounting. All ministries and organizations will have to work out--for every unit--the norms of employment and of the expenditures to pay for administration and to draw up suitable conservation and savings programs.

[AU061942] A conservation and savings program will also be drawn up for public consumption, the specific features of which will be taken into account. In that regard we will seek to reduce manpower, without interfering with the quality of services and to cut down administrative expenses.

All sectors of the economy will have to reduce the number of regular jobs, official trips and expenses relating to the cost of equipment, fuel consumption, electric energy, various festivals, competitions, extension courses, representation and so on.

We will also improve the system of budgetary norms and the principles of calculating budgetary expenditure in all sectors of budgetary financing.

We must also make efforts to improve the organizational structures and forms of the functioning of the individual echelons of state and economic administration.

Improving the effectiveness of economic management and implementing the conservation and savings programs are the main tasks in 1980. Their implementation is the common concern for all plants, workers, workers self-government groups, trade-union activists, youth organizations, the chief technical organization and all engineering, technical and administrative personnel. It is the common concern for the entire research and development base. The government, ministries, industrial associations and the entire state and economic apparatus are responsible for the effective organization and coordination of these tasks.

Only the common efforts of all those units and organizations will guarantee a favorable implementation of the tasks posed by the plan.

Honorable house, the implementation of the 1980 plan will be supported by solutions regarding systems, for which we will use the many proposals and postulates submitted by citizen deputies and Sejm committees.

We plan to allow for an increase in wages, if there is a reduction in manpower below the planned indexes, when there is complete fulfillment of the production plans. We plan to expand the system of material incentives to reward cuts in the consumption norms for materials, especially those from imports.

We expect that some of the resources obtained as a result of the reduced consumption of certain materials in short supply will be used for additional investments in individual ministries, after computing the savings achieved in the first 6 months of 1980.

In order to increase the interest in exports and in efforts to improve their profitability next year we intend to improve individual incentives by providing awards for additional effective exports in excess of the plan and by supplying a certain number of combines and associations, specializing in exports, with new solutions regarding systems and incentives to create conditions for increased flexibility concerning the management of convertible currencies.

In 1980 the small-scale industry will initiate a new economic-fiscal system, which should help expand their production and increase the supply of their market goods.

We will also introduce a system to enable the voivodships, which are able to build houses, without reducing standards and quality, at below-normal cost, to increase the volume of their housing construction.

Citizen Marshal of the Sejm, Honorable House, I wish to state in summing up that the 1980 government draft plan submitted to the honorable house guarantees the further implementation of our social goals and insures the further development of our economy in 1980 and in the following years. It should be stressed that the plan outlines aims and resources, but that the implementation of those aims will be determined by the persevering daily efforts of the government, the entire administration and all the echelons of the economy. That is why we must see to it that the plan's implementation is highly disciplined and that the units concerned cooperate most closely and effectively in solving the problems of incomes, loans, wages, employments, housing, agriculture, raw materials, energy and transportation.

Man and his social attitude, commitment and skills in organizing daily activities are and will always be the decisive elements of the implementation of the plan. That is why we must do our best in telling our people of our objective conditions and of the sources of our difficulties and in encouraging efforts to actively overcome those difficulties. We must see to it that everyone performs effectively in his own job and can account for it. Comrade Edward Gierek, PZPR first secretary, spoke of this at the 13th Central Committee plenum: "We need discipline from top to bottom, at every level of management and in every job. In all our activities we will place greater stress on the implementation of appointed tasks and call people and institutions to account for their performance."

[A001947] The implementation of the plan under those difficult conditions will help to solve the most vital social needs and to further strengthen our economic and defense potential.

During the practical implementation of the plan we will seek to accelerate the development of our economy in regard to the provisions now being adopted. However, we do not want and cannot allow the acceleration of the growth rate of production, especially in the present raw materials situation, without full implementation of the tasks concerning improvements in production quality and modernity and in the effectiveness of economic management.

The provisions of the 1980 plan that I have presented to the honorable house correspond to the requirements of quality, modernity and effectiveness.

We are able to implement those provisions because we have created a modern production potential in the seventies and have numerous highly qualified and experienced cadres. We have, therefore, the necessary conditions for implementing our appointed tasks.

Summing up, I wish to stress that the 1980 draft plan ensures further progress in overcoming our difficulties and that its implementation will make the implementation of development tasks easier in the coming 5-year period.

Citizen Deputies, the Council of Ministers takes the view that the 1980 draft plan corresponds in the best possible way to the conditions and needs of the present times. That is why the government is convinced that the plan will be approved by the honorable house.

ROMANIA

ECONOMIC GROWTH TIED TO INCREASE IN LABOR PRODUCTIVITY

Bucharest REVISTA ECONOMIC in Romanian No 36, 7 Sep 79 pp 1-2, 21

[Article by Gh. Obreja and Dr St. Militaru of the State Planning Committee: "Labor Productivity and Economic Growth"]

[Text] In the process of the gradual building of a multilaterally developed socialist society, the period of the coming five year plan is noted as a new stage of progress and important economic and social changes in our country. According to the objectives and goals recorded in the Draft Directives, the intensification of actions of qualitative factors and economic growth will be characteristic of the modernization of the technical-material base at sustained rates. Within the overall framework of this intensive process of promoting on a broad scale those attributes of a qualitative nature, the growth of social labor productivity is one of the most important factors. Precisely for that reason, in his speech at the Conference with Leadership Cadre in the Economy, in March 1979, comrade Nicolae Ceausescu pointed out: "Labor productivity is not a problem of courses of general political economy taught at the university, but a problem of life, I would say, a vital requirement of practical demonstrations of the superiority of the new order expressed through deeds."

A Substantial Contribution to the Growth of National Income

The sustained growth of our national wealth, all material production and the national income in the future is closely tied to the growth of social labor productivity. Several calculations clearly show the role and contributions of social labor productivity in the process of economic growth: if one percent of growth in social labor productivity at the level of 1975 corresponded to an additional 3.6 billion lei of national income, the 1980 the value of this one percent will reach nearly six billion lei, or nearly double.

The favorable effects of growth in social labor productivity are

shown by the direct relationships that are created between national income and the employment rate. Figured as a relationship between the national income and the number of people employed in the sphere of material production, during the most fertile years of socialist construction, social labor productivity has recorded a continually rising curve, as shown in table No 1.

Table No 1
(1965=100)

	1970	1975	1980
National Income	145.2	247.9	407.5
Population Employed in the Sphere of Material Production	99.6	101.8	103.8
Social Labor Productivity (1:2)	1.46	2.44	3.93

Under the direct influence of a broad complex of technical, economic and social factors, the growth of social labor productivity during the next five years continues to be based upon the more intensive modernization of the structure of the branches and sub-branches of the national economy, upon the accentuation of raising the technical level and rapidly updating production, upon the replacement of outdated products with products of a highly technical nature capable of putting to better use the material and human resources of the economy, upon the transfer of scientific research and technological engineering from the laboratory to the production units, and so forth. In responding to these economic motives of the present and the future and keeping in mind that in our economy labor productivity is noticeably less than that currently achieved in the industrialized countries, the Draft Directive recorded new objectives and goals capable of ensuring the sustained growth of labor productivity in all branches of material production. On the basis of the growth of social labor productivity, 80 percent of the increase forecast for the national income will be achieved. The general picture of the effects and contribution that is to be made by the principal quantitative factors and especially the qualitative ones to the growth of social labor productivity is shown by the synthetic data presented in Table No 2.

Table No 2

	<u>1985</u>
Social Labor Productivity (thousands of lei)	Approx. 84
Increase in National Income on the Basis of Social Labor Productivity in the 1981-1985 Five Year Plan caused by:	Approx. 86%
- Increase of Labor Productivity in the Material Production Branches	Approx. 66%
- Change in the Structure of the Employed Population in the Material Production Branches	Approx. 20%

The overall growth of social labor productivity will be especially sustained by its growth in industry, a process that will be achieved on the basis of expanding automation, scientifically organizing production and work, spreading work across a greater number of machines, reducing the number of auxiliary and non-productive personnel to the strictly necessary amount and using specialists on a priority basis in the direct management of production. In these ways, as well as through others, labor productivity in industry, as calculated on the basis of the value of net production, will grow at an average annual rate of 7.0 to 7.5 percent, with approximately 80 percent of the increase in net industrial production being obtained on the basis of this essential factor for increasing the efficiency of production activities.

Structural Changes Favorable to the Growth of Labor Productivity

The level and evolution of social labor productivity in the seventh five year plan is under the favorable influence of the changes and improvements that will occur in the structure of the national economy in general and especially in industry. This orientation, established by the party as one of the central objectives of economic development, has in mind the overall growth of the efficiency of all production activities and the drawing together of the levels of labor productivity in the different branches and sub-branches of material production. As a result, the process of a more accentuated modernization of the national economy is designed to be achieved in industry, in agriculture, in construction, in transportation and in all the other branches of material production. In addition to the planned increase of the

national income, corresponding to a 6.7 to 7.4 percent rate of growth, to which social labor productivity is to contribute nearly 80 percent, the growth of labor productivity in the non-agricultural branches will make its contribution with over 55 percent, with industry, the branch with the highest level of labor productivity, contributing nearly half. The new structural changes are also shown by the contribution of industry to the formation of national income, which will increase from approximately 60 percent in 1980 to 65 percent in 1985.

A basic significant factor for sustaining the rate of social labor productivity in the next five year plan is the option held by the party and our state for the employment, training and structuring of the work force at the level of the requirements and opportunities offered to them by the impetuous progress of the technical-scientific revolution in all sectors of production activities. Under the conditions of the increased complexity of all economic activities and the broad affirmation of new superior qualities, where everything that we produce and where actions become increasingly more dependent upon man and his training, increasing the level of worker qualifications constitutes the essential factor for attaining the levels outlined for social labor productivity. Beginning from this reality of economic practice, the Draft Directive recorded new changes in the labor potential of the country. Of the employed population, approximately 78 percent will work in the non-agricultural sectors and approximately 22 percent in agriculture; industry, construction and transportation will account for nearly 74 percent of the total for the non-agricultural sector.

The new changes in the structure of the work force by branch, especially in favor of industry, will have favorable effects upon the growth of social labor productivity. Thus, an important part of the growth of social labor productivity, approximately 25 percent, is to be achieved on the basis of increasing the percentage of the population employed in the non-agricultural branches and especially in industry, concomitantly with a corresponding decrease in the work force employed in agriculture. These structural changes will contribute to the achievement of an increase of national income by over 50 million lei during the next five year plan.

The Effects of the Broad Promotion of Technical Progress

Under the conditions of accentuating and broadly affirming the technical-scientific revolution in all fields of production activities, the introduction of technical progress stands out as one of the principal factors of increasing social labor

productivity. Year after year, there has been an intensification of the process of equipping the national economy with the most modern technical means of high efficiency. The design of all types of machinery and equipment and their organic integration into the production process are subordinated to satisfying the demands tied to raising the quality of products and all projects and services in such a way so as to noticeably increase their efficiency and functionality and to permit the more accentuated growth of social labor productivity.

The association of the introduction of technical progress with the modernization of production, with the introduction into production of new products that put to better use material resources and the work force, with increasing the level of use of raw materials and materials, as well as with all the other qualitative aspects will bring together into one place the decisive factors for the growth of social labor productivity. The calculations show that the levels and evolution of labor productivity are under the direct influence of the broad-scale introduction of technical progress. Approximately 50 percent of the growth forecast for labor productivity in industry will take place on the basis of introducing technical progress.

Concomitant with the broad introduction of technical progress, in the forefront of all production activities will be the use of the full potential of existing production at maximum capacity and the raising of the general level of efficiency of fixed production assets and all production capacities.

In raising the general efficiency of fixed assets, a field where there are significant reserves, requirements are to be kept in mind for the most efficient use of fixed assets and for obtaining the greatest possible production per unit of fixed assets. Some calculations show that an increase of only one percent in the index of use for machine-tools in one of the basic branches of our industry, machine building, could lead to a supplementary industrial production of over three billion lei. Similarly, if activities were better organized in the direction of fully and better using machinery and equipment and if they were better maintained, in a relatively short period of time a doubling of industrial production could be achieved using the same on-hand equipment. As a result, the Draft Directives foresee the value of total industrial production per 1,000 lei of fixed assets reaching 1,800 lei in 1985 and the value of net production reaching over 600 lei. Raising the efficiency of fixed assets in industry will provide over 20 percent of the entire increase forecast for the national income in 1985 compared to 1980. The achievement of such an increase continues to require firm actions for the maximum use of all machinery and

installations on-hand.

The Reduction of Material Costs Per Unit of Product

Obtaining a higher level of social labor productivity is also directly related to the more accentuated reduction of production material costs. The substantial reduction in the consumption of raw materials and materials, and above all of fuels and energy, is required with great poignancy under current conditions, not only because of the fact that the resources that we have available are more and more limited, but also because of the fact that this consumption, in many cases, is much greater in our country than that in the economies of the industrialized countries.

The fact that in our country to realize one unit of national income, upon which the level of social labor productivity also directly depends, more energy is consumed than in other developed countries and that the materials, energy and fuels incorporated in certain products that we produce do not result in higher levels of technical performance in these products caused the Draft Directives to set down complex measures for the broader promotion of those new technologies capable of permitting a reduction of expenditures for energy and raw materials and materials, as well as for stopping the production of certain products that are big consumers of oil and energy.

As a result, it has in mind that in the future we will obtain a national income per unit of energy consumed at a level comparable to the achievements of the countries that are advanced from an economic point of view. In the same framework, there are significant measures outlined for the 1981-1990 period that will ensure a reduction in the average index of energy consumption per 1,000 lei of industrial production by a minimum of 40 percent so that by the year 2000 this consumption will be reduced by 2.6 times compared to 1980.

The continuing development of our economy thus depends to a greater degree upon the intensive, better use of all material resources that we have available. For that reason, it is necessary for us to obtain for each ton of raw material an economic value equivalent to that achieved in the countries that are developed from an industrial point of view. In response to these economic motives, it has been forecast that in 1985 compared to 1980 the indices for the use of basic raw materials and energy will increase by 32 to 34 percent and material costs per 1,000 lei of production - goods in national industry will be reduced by 5.5 to 6 percent in 1985 compared to 1980.

The carrying out of the objectives established for the 1981-1985 Five Year Plan regarding the more accentuated growth of the efficiency of economic activities in all fields and the more rapid growth of social labor productivity will provide the conditions for successfully carrying out the provisions of the Party Program and will open new perspectives for the amplification of the economic progress of our country.

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CSO: 2700

INFLUENCE OF PRICES ON PRODUCTION TECHNOLOGY ANALYZED

Bucharest REVISTA ECONOMICA in Romanian 7, 28 Sep 79

[Article by Dr Constantin Tudoran: "Price - A Key Factor in Stimulating Technical Progress"]

[No 36, 7 Sep 79 pp 11, 13]

[Text] One of the main forms of introducing technical progress in the economy, which currently constitutes the most efficient way of reducing material consumption and, in general, of increasing economic efficiency, is the redesign of existing products and the assimilation of new higher performance products. The scope of this action in our country can be appreciated by the fact that in the processing branches of industry, the percentage of new and modernized products that entered current production at the beginning of this five year rose from 20.1 percent in 1977 to 27.5 percent in 1978, with it reaching 34 percent this year.

The improvement of the economic-financial mechanism in our country in the direction of a more accentuated orientation of the enterprises toward an increase in the efficiency of social labor is bringing about an intensification of the active role of prices in stimulating the diversification and modernization of products. Keeping in mind the important role played by those products with a high technical level and superior quality both in the conservation of material resources and labor and in the higher degree of satisfaction of the demands of production and personal consumption, as well as the sensibility currently expressed by the economic units for the level and correlation of prices has the job of stimulating, in close interaction with the other key economic factors, the fastest possible assimilation of new products and the maximum use of their performance abilities.

The demands raised by the stimulation of technical progress regarding the establishment of prices for new and modernized products are different depending upon whether they are analyzed from the point of view of the producer, user or national economy. The producers are interested in obtaining the highest price that will cover their costs

and provide them with an increased amount of profits, on the basis of which they can improve or at least maintain their value indicators as established by the plan and allocate greater sums to their own funds for development and material stimulation. The users of the new products, machinery, equipment or raw materials and materials, are interested, first of all, that by using these items in production they can reduce their costs for the products that they make and, then, obtain a larger profit, which will permit them to attain certain higher value indicators and to increase their own allocations and funds for development and material stimulation. Under conditions of achieving investments to an increased measure from their own funds and credits, as well as meeting their obligations to reimburse the budget for investments drawn from that source, user units are, similarly, interested in acquiring machinery and equipment at the lowest possible prices. At the same time, the interests of the national economy require that the prices of new or modernized products reflect the costs of socially necessary labor in the production of these products and, at the same time, stimulate the intensification of production by making the new products relatively cheaper than the existing ones.

To what degree does the current manner of creating prices satisfy the different and even contradictory requirements? According to the regulations in effect, in determining the prices for industrial means of production the major concern must be the stimulation of the introduction into production of those new products of a high technical level and with increased efficiency, to which end the possibility is foreseen for taking into account a greater level of profit than that for similar products. Similarly, the orientation of the producer units is ensured toward increasing product quality by having different prices according to quality and by giving certain larger profits for high quality products. For the purpose of protecting the users' interests, the prices of new products will provide the users, with an equally useful result, smaller costs or, at most, costs at the same level as those determined by the use of similar existing products. At the same time, for the most objective sizing of the prices for new products, among the criteria for correlating these prices with the prices of similar products is the Law on Prices which places priority on the relationship between the use values of products, as expressed in technical-operational characteristics, durability, esthetics, comfort and so forth. The analysis of these regulations, as well as the year-to-year fulfillment and overfulfillment of the tasks regarding the introduction into production of new and modernized products, show that the methodology in effect for setting prices offers real possibilities for stimulating the updating and modernization of products.

In the practice for setting prices for new products, some shortcomings and difficulties are encountered, however, among which the most serious is that, despite legal provisions, frequently the prices for new

products are actually established on the basis of pre-calculated costs and the level of profit made on similar products, without taking into account the use value and its efficiency for the user. No matter how objectively the production costs might be figured and regardless of how severe the critical analysis of the costs on the part of the price organs might be, underestimating the correlation of the prices to the use value of the product, under the monopoly conditions enjoyed by the majority of producer units as a result of the specialization of production, generates the danger of the absolute and relative increase of prices, with all the negative consequences stemming from this situation for the users and the national economy. It is known that the increase in costs, required by the production of modernized or newly assimilated products, is not always proportional to the increase in the use value of these products, as compared to the existing products being produced. Certainly, we make so-called assimilation cost abstracts which, being financed from the fund for introducing new technology, are not reflected in costs as such, but only in the percentage levels of drawings to create this fund, which is contained in the prices of all products being produced. Since technical progress cannot be an end in itself, it is clear that in such situations products are not efficient from an economic point of view and therefore should not be introduced into production except when considerations of a higher order justify their production. The exaggerated accent that is placed on costs, to the detriment of the use value, does not stimulate the Producers to truly update and diversify products and allows the interests of the producers to prevail in the setting of prices, which does not stimulate the reduction of material and labor consumption. For that reason, a primary condition for the growth of the role of prices in stimulating technical progress is the rigorous application of legal provisions regarding the setting of prices for new products.

It is no less true that in addition to the formal application or ignoring of the correlation of prices in relation to the use value, often insurmountable difficulties are contributed by the practice of comparing the use values of products. In principle, any product similar in origin, construction qualities, components and so forth can be sufficiently precisely compared. But, the selection of the technical-economic parameters that are to be taken into account, as well as the quantification of the influence of these parameters upon the price, represent a very difficult problem that has been only partially resolved to date and with many inconsistencies. As such, the essential problem of increasing the role of prices in stimulating technical progress is specifying for each homogenous group or subgroup of products the technical-economic parameters and economies which determine the use value.

These parameters must be established by the technical competent organs and recorded in standards and other technical documents. In the case of machinery and equipment with well-defined destinations, on the basis of these parameters the producer, together with the user, could relatively easily determine the use efficiency of these items in comparison with existing machinery and equipment, which would stay at the basis of the price relationship between the new products and similar ones. For machinery and equipment with multiple destinations, as well as for raw materials and new materials, beginning with the characteristic parameters that will be given in the technical documentation and with the assistance of mathematics and computer technology, the price organs in collaboration with the technical organs could identify the existing dependencies between the technical-economic parameters for the products, on one hand, and the costs and then the prices, on the other. Once figured, the dependencies figured could serve as an objective basis in setting the prices for new products in that group throughout a long period of time (as long as new technical-economic parameters do not intervene), also simultaneously contributing to the substantial growth of efficiency in this field.

The intensification of the role of prices in stimulating technical progress is currently conditioned also by the improvement of the regulations referring to the introduction into production of new or modernized products. Currently, the cases are not few when, hardly after the analysis of price proposals, that is, after important expenditures were made for the modernization or assimilation of new products, it is established that this will require costs that are too great compared to the real use value. Likewise, there are deficiencies with regards to the exact evaluation of the performances of new products, which prove to be even more reduced one in use. In other cases, the higher performances of the products, which justify a correspondingly higher price than other similar products, cannot be fully used under the specific conditions of the user. The improvement of the regulations to which we are referring must consider respecting certain minimum efficiency criteria right from the research phase and drawing up new products, increasing the responsibility of the research units and the producer enterprises, as well as that of the user for assimilating certain products of a high technical level that are to truly lead to the reduction of production costs and the use of product performance at maximum levels.

To increase the stimulating role of prices in the improvement of products it is necessary to develop and specify some elements of the methodology for establishing prices, which are currently legislated only as general principles. We have in mind the establishment of certain minimum and maximum limits for higher profits designed to stimulate the production of new products, the specification of the proportions in which the increased economic result of the new products is to be divided between

the producer and the user and the more detailed establishment of the manner of making comparisons between the new products and the existing ones in relation to the use values and the costs. All this could be achieved through the elaboration of certain new methodological norms for setting prices that are more complete than the ones currently elaborated by the principal production branches. Eventually, specific methodological norms could be elaborated for those products with technical-production destinations, keeping in mind the special problems raised by these items in the calculation of prices.

At the same time, taking into consideration the relatively different interests of the producers compared to those of the users, differences that are accentuated under conditions of improving the economic-financial mechanism, it is necessary to ensure a greater participation, and implicitly a greater responsibility, of the user in determining the prices of the means of production. In practice, for the more important products the price organs are also asking the approval of the user regarding the price level proposed by the producer, while the legal formalization of this approval would contribute to its spread and especially would obligate the users to more carefully analyze the performance and efficiency of new products.

[No 39, 18 Sep 79 pp 13-14]

[Text] In the first part of this article (REVISTA ECONOMICA NO 36/ 1979), possibilities were revealed for stimulating technical progress as offered by the current methodology for creating prices. In this issue, we continue this analysis, stressing certain methodological elements which, in our opinion, must be developed and improved in order to ensure the intensification of the role of prices in promoting technical progress. At the same time, we will attempt to specify the place of prices in the overall mechanism of stimulating technical progress and we will stress the need for a closer interaction of prices with the other key economic factors.

The Reduction of the Consumption of Raw Materials and Materials

The stress that the methodology of creating prices places upon the commensuration of use values of interchangeable products in the substantiation of prices is of the nature of stimulating the enterprises in the search for the most economical solutions for redesigning products that will ensure the substantial reduction of the consumption of raw materials and materials. So that the enterprises that obtain special results in this direction, by maintaining or even improving product performance, are not at a disadvantage in achieving their financial indicators by setting certain prices at a lower level (in proportion to the costs), it would be useful to expressly regulate the

opportunities for "assimilating" the existing prices, at least in the first years of production. In such cases, the apparently exaggerated profitability is in reality fully justified.

The influence that prices can exert in the sense of reducing consumption of raw materials and materials in the production of new products is also determined to a good degree by the criteria, which set the size of the profit to be made, in calculating the price. For practical reasons, regardless of the basis used to determine the profit for an overall industry or at the level of the branches (production funds and so forth), calculating the profit by groups of products and specific products is done according to costs. As such, the higher the costs, the greater the volume of profit is included in the price. This is the origin of the tendency of certain producer units to include in their price calculations more expensive materials or greater quantities of materials than are strictly necessary or to resort to wasteful cooperation in order to make a greater profit.

In order to counteract these negative tendencies, in the practice in our country for calculating prices for more complex products which have a large amount of subassemblies received through cooperation by the unit that makes the final product, certain more important cooperation activities are not taken into account in determining the profit (the basis for calculating the profit is the cost, minus the equivalent value of the main subassemblies received through cooperation). In the same way, in other socialist countries the calculation of profit has taken on a certain spreading depending upon processing costs, that is, the value of the materials purchased from third parties has been eliminated from the costs.

In our country, this negative effect of setting the size of the profit is currently greatly attenuated by the introduction of net production as a principal plan indicator, which stimulates the reduction of material costs. Further, we believe that to increase the contribution of prices in stimulating the conservation of materials, at least in the branches and groups of products in which the percent of these noticeably differs by type and product, it would be useful to set the size of the profit on the basis of a more "neutral" factor, such as the costs of processing (also seen as a possibility in current legislation), wages or certain natural indicators. In the 1971-1975 period, in the textile industry processing costs were used as a basis in the calculation of profits, but later this was renounced for the reason that it would slow the growth of labor productivity. If we keep in mind the restricted weight of labor costs in this branch, the reasoning appears open to discussion.

The decisive factor which determines the enterprises' interest in assimilating new products and modernizing existing ones is the amount of profit that can be made by their production. In practice, however, cases are encountered where the producer units experience lower levels of profitability for recently assimilated products than for existing products in production for a number of years, a factor which decreases the producers' interest for updating production. Frequently, the lower level of profitability for new products is the result of not judiciously sizing the costs of these products, as well as the fact that for some products assimilated long ago the prices have become outdated and contain exaggerated profit levels. In such situations, the stimulation of new technology through higher profitability should not be achieved by setting certain "generous" prices that are out of proportion compared to the real use qualities presented by the new products, but by reducing their costs to the level of strict necessity and by decreasing the profitability of outdated products.

The higher level of costs and, implicitly, the lower level of profitability during the initial period of production can have an objective nature, with this evolving in relation to the life cycle of the product. In setting prices, we should have in mind the "normal" costs which in a practical manner are encountered during the peak period of the product, two to three years after the beginning of production of the product, a factor which runs counter to the interests of the economic units. In order to attenuate the influence of the objective evolution of costs upon product profitability and to stimulate producers during the initial period after assimilation, in other socialist countries temporary prices are used on a broad scale, at a higher level, or some price increases are approved above the base price, which are applied after the beginning of a large series production (that is, after one to two years from the assimilation of the products). This solution is not lacking in inconveniences, especially presenting the danger of absolute price increases since the producers try hard to replace the new products prior to the expiration of the temporary prices or price increases. The financing of higher cost appears to be more indicated in the initial period of production of new products on the basis of the budget or from a special fund for technical progress.

Also for the purpose of ensuring the necessary agreement between the evolution of costs and the level of prices, attempts have been made in other socialist countries to set regressive prices, in stages, that are to take effect during the life cycle of the product. This solution has been ever more insistently recommended in recent times in our own specialized literature. As the practice of the other countries demonstrates, the inconveniences stemming from stepped prices greatly outweigh the advantages. First of all, the current rate of technical progress and the rapid evolution of costs make it extremely difficult, if not impossible, to make certain satisfactory prognoses regarding

the life cycle of products and cost levels since the initial price "stages" established at the beginning of production prove to be outdated and can no longer be "automatically" applied. Secondly, because of the high level of updated products, the adoption of the principle of stepped prices would involve a large volume of price modifications that would generate financial influences difficult to reflect in the economic units' plan indicators.

In order to place the prices in agreement with the evolution of costs, there is much more efficiency in the solution practiced currently of annually analyzing the more important changes that have occurred in production and sales relating to the setting of prices and carrying out corrections to them in the necessary cases. Certainly, such current corrections are limited in their extent and cannot counteract the influence of certain factors of a more general nature, they attenuate the "aging process" of prices and make possible the general resetting of prices at greater intervals. The regulation of the profitability of products long ago assimilated and the orientation of producers toward the assimilation of new products can, certainly, also be achieved with the help of key financial factors, without resorting to price modifications. In this line of thinking, it is also necessary to reconsider the notion of "exaggerated profitability." Especially efficient products with reduced rates of consumption and higher performance, as confirmed during their use and in the high export competition, can have high profitability, with nothing being exaggerated. The degree of price aging must be evaluated not just by the extent of the deviation of the product's profitability compared to the average profitability by group or branch, but depending upon the specific manner in which this stimulates the conservation of social labor.

The proposals for accentuating the elasticity of prices and for introducing certain "mobile" or stepped prices capable of reflecting "at any moment" the evolution of costs in order to stimulate the modernization or updating of products, proposals frequently encountered in recent times in the economic literature in our country, have at their base, without a doubt, not only current deficiencies and difficulties in setting prices, but some vagueness as well. First of all, there is an obvious exaggeration of the role of prices in the stimulation of technical progress and, in general, as a key economic factor. Secondly, there is an underestimation of the role of the other key economic-financial factors which, judiciously used, could attenuate or prevent the phenomenon of outdated prices. Thirdly, we lose sight of the negative consequences brought on by frequent modifications of prices upon planning activities, as well as the hardly negligible efforts required by any change of prices in the economy.

In some models for setting prices for new products that have been advanced in recent time, prices have been given a decisive role not only in the modernization of products, but also, in general, in the modernization of the structure of production and the rational use of resources. Certainly, in achieving some of these objectives prices can and must play an important role. In the first place, as an expression of the costs of socially necessary labor, prices must permit the correct evaluation of the efficiency of economic processes and thus ease the establishment of the most judicious plans both with regards to the promotion of technical progress and the modernization of the structure of production and the rational use of resources. Then, as key economic factors, prices must direct the enterprises in the direction of fulfilling plan tasks regarding the objectives mentioned. As a result, the role of prices, even at the micro-economic level, can be neither independent nor decisive, with prices having to work as an auxiliary instrument of the economic-social development plan.

The role of prices as a key factor in stimulation is more accentuated in the case of certain processes and activities where the plan tasks have a greater degree of association and, conversely, it is more reduced in fields where detailed tasks are established, with a high degree of specification, and, thus, the enterprises' "maneuvering space" is more limited.

The Correct Evaluation of Production Efficiency

In evaluating the role of prices in accelerating technical progress, we must not lose sight of the fact that, in general, the use of prices as a key economic factor has objective limitations determined by their exercise of the function of data, measurement and control in the expenditure of social labor. Without presuming a deviation from value in all cases, the use of prices as a key factor in stimulation can sometimes require a certain temporary distancing from the costs of socially necessary labor. If, however, this exceeds certain limits, it alters the reality of the prices and impedes the correct evaluation of production efficiency, investments, and foreign trade. Precisely for that reason, in order to stimulate technical progress, as well as to stimulate any advanced process, prices alone are not used, but a complex of key economic factors that are reciprocally interconditioned, with prices constituting only one of these key factors.

It is an incontestable reality that, under the conditions of increasing the cooperation of the enterprises in achieving the highest possible volume of profits, there is also an increase in the requirements regarding the substantiation of the levels and correlations of prices, in general, and especially regarding those for products supporting technical progress. But, this by no means, means that the promotion of

technical progress exclusively depends upon the positive or negative influence exercised by prices. Not even in countries having market economies is the promotion of technical progress left to the discretion of market fluctuations and prices, with the state intervening through numerous channels to correct and justly direct the impulses given by prices. Something like this could not be possible in a planned economy. In our country, the directions of technical progress, the tasks of assimilating new products, as well as the material resources, labor and financing necessary for the acceleration of technical progress, are established through the sole economic plan. At the level of the economic units, action is taken through a group of key factors and means in the direction of achieving the objectives outlined in the plan: financing the costs of assimilating new products from the fund for introducing new technology, carrying out research connected with the elaboration of new products on the basis of economic contracts, taking into account an increased profitability in establishing the prices for these products, assigning profits in a manner which benefits the enterprises in obtaining an increased volume of investment funds, financing basic scientific research from the budget and so forth.

The analysis of the manner of actually using prices as a key factor for stimulation demonstrates that the role of prices decisively depends upon their interaction with other key economic factors and especially with the manner of creating, planning and distributing profits. Currently, there is a certain lack of harmony between the manner of planning for profits by the economic units and the sizing of these profits in the setting of prices, which can sometimes diminish the enterprises' interest in assimilating new products. In setting prices, the amount of profit taken into the calculation is determined on the basis of the profitability of a similar product used as a reference point (a standard). The profitability of new products outlined in the price calculation can be much different than the one planned by the enterprise. This is the origin of the enterprises' tendencies to avoid the production of new products with levels of profitability below the planned average for their overall activities or to include in their costs "reserves" that allow them to fall within the planned level of profitability.

All this allows us to draw the conclusion that the orientation in the direction of increasing the real efficiency of new products is not possible solely by way of improving the methodology of creating prices. The intensification of the role of prices in the acceleration of technical progress and in the growth of their efficiency, which constitutes an outcome and, at the same time, a premise for the application of measures for the improvement of the economic mechanism, requires a group of measures that include both the continued improvement of the methodology of creating prices, as well as of the activities of

standardization, financial planning, financing for new technologies and a more precise limiting of the costs of assimilation and the costs of current production, and the finding of certain means to cover the higher production costs during the period immediately following the assimilation of the products and so forth.

In our opinion, only through a systematic approach to the problem of improving prices and the methodology for creating them, in close interaction with the other facets of the economic mechanism and in the increase in the role of prices be ensured as a key economic factor in making dynamic the technical progress for which measures to improve the economic mechanism in our country have created a vast field of action.

Certainly, finding the most efficient solutions for the stimulation of technical progress through prices requires a combined effort and a permanent dialogue between the specialists in the enterprises and industrial centrals, in scientific research and education and from the price organs for the joint achievement of certain complex studies and experiments.

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CSO:2700

ROMANIA

FACTORS BEHIND INVESTMENT DELAYS EXAMINED

Bucharest REVISTA ECONOMIC in Romanian No 36, 7 Sep 79 pp 7-8

[Article by Gh. Ruscanu of the Investment Bank: "Increase Efforts for Fully Carrying Out the Investment Program"]

[Text] The consistent policy for the development of our economy at a high rate is also reflected in the broad investment program, which, in 1979, reached 233.1 billion lei. This represents approximately 20 percent more than the achievement of the previous year and nearly one-fourth of the entire amount of investments forecast to be achieved during this five year plan. The use of these allotted funds will mean putting into operation a large number of projects, including 800 new important industrial and agro-zootechny production facilities, 300,000 apartments and other production and social-cultural projects and continuing and expanding certain large projects started in previous years, as well as also beginning approximately 900 important facilities that will ensure a connection with the 1980 plan and the new 1980-1985 Five Year Plan.

Within this framework, the need is clear and obvious to expand the efforts of all parties involved in the proper carrying out of the investment process, the builder, the user, the designer, the supplier of technological equipment, for the purpose of accelerating the rate of work at the worksites and shortening the timeframe for completing the new production facilities.

The review of the achievements of the investment program over eight months shows an ascendent dynamics in the volume of construction and assembly projects completed in comparison with the corresponding period during the preceding year. Investments completed from the state funds this year (through the end of August) were 16 percent greater than those during the same period in 1978. Over 300 important industrial and agro-zootechny production facilities were hooked into the production system and,

through 1 August 1979, over 98,000 apartments were turned over to the people. It is important to stress the fact that 42 facilities were put into operation six to nine months before the planned time, a fact which exercised a positive influence upon production, domestic consumption, exports and the accumulation of capital.

However, keeping in mind the planned investment goals and the status of recouping shortfalls that were rescheduled from last year to this year, the achievements through the end of August show large shortfalls both in the volumes of investments (see Table No 1) and in the start-up of facilities and the completion of housing. The largest shortfalls are principally

Table No 1

Achievement of the Investment Plan for the Period January-August 1979

In user Enterprises in the Following Sectors:	Total	Construction and Assembly
-- Electrical Energy	95.2	91.8
-- Machine Building Industry	95.9	88.3
-- Metallurgical Industry	91.9	102.3
-- Light Industry	90.7	73.9
-- Forestry Economy and Construction Materials	80.8	83.1
-- Industrial Construction	79.7	45.8
-- Chemical Industry	64.9	73.4

located in the projects for certain users in the chemical industry metallurgy, the construction materials industry, mining and in some projects in hydro-energy management. The recouping of these shortfalls and the full achievement of the start-ups forecast for this year make necessary the solution, under better conditions than in the past, of problems which condition obtaining certain higher rates of work at the worksites.

The Quick Recouping of Arrears in the Delivery of Equipment

A problem of primary importance, where the suppliers of technological equipment - first of all those in the machine building industry and, for imports, those coordinated by the Ministry of Foreign Trade - can and must make a more substantial contribution than until now, is the urgent delivery of technological equipment that is in arrears (in regards to contract timeframes) and upon which start-ups depend. In the appearance of this important

volume of equipment in arrears (29.1 percent of the total number of equipment contracted with timeframes through the beginning of August 1979), the most important contributions were made by the Resita Enterprise for Machine Building (in arrears by thousands of tons of equipment which are delaying the completion of certain facilities at the Galati Steel Combine, the Roman Pipe Enterprise and so forth), the "1 May" Enterprise at Ploiesti (with undelivered equipment for facilities at the Galati Steel Combine, the "Otelinox" Enterprises at Tirgoviste, "Laminorul" at Braila, "Danubiana" in Bucharest and so forth), as well as the following enterprises: "Unio" at Satu Mare, "23 August" in Bucharest, the Baia Mare Heavy Machinery Enterprise and the Bucharest Chemical Equipment Enterprise. In order to eliminate the arrearages in deliveries, in all these units it is necessary to make increased efforts to produce the equipment that is in arrears, to carefully check their test standards and to rapidly send the equipment to the worksites. At the same time, a greater receptivity and efficiency on the part of the producers is necessary in making adjustments on the eventual defects that can appear as a result of transportation or during the period of technological testing.

It is, however, no less true that at numerous worksites important stocks of technological equipment have accumulated with the normal timeframe for holding equipment at the worksite being exceeded. To eliminate these stocks, created either because of incomplete deliveries, without certain parts and devices or the worksite's acceptance of equipment that is not correlated with the start-up timeframes for the new projects, it is necessary to take certain measures correlated by the builder and the investment user through the acceleration of the assembly of these on a number of shifts and through their assembly to a greater degree at the expense of the user.

The Concentration of the Builders' Activities on Priority Projects

Increased concern is also necessary to solve certain problems regarding the improvement of the activities of the construction and assembly organizations through the higher efficiency use of the technical-material and human resources available and the concentration of these resources on the production facilities scheduled for start-up this year. This requires the greatest possible poignancy since during the year to date there have been large shortfalls in the construction and assembly plan in the construction organizations belonging to the ministries of industrial construction, transportation and telecommunications, electrical energy, the chemical industry, mining, petroleum and geology, the metallurgical industry and a large number of people's councils.

It is true that this is also because of the difficulties encountered by the builders in getting supplies of some construction materials and prefabricated items, equipment and construction apparatus. The builders did not receive large quantities of cement, reinforced concrete, wire netting, metallic parts, prefabricated items made of reinforced concrete and so forth, and they irregularly received some construction materials, especially in the last part of the quarter, a fact which caused perturbations in the good organization of work at the worksites and in the continuous provisioning of the worksite for the workers, for equipment and for transportation, as well as in the provisioning of the worksite for assembly and the equipment arriving at the worksite. There is the case of the builder off the worksite: the Medgidia II Cement and Lime Factories (Achieving the construction and assembly plan by only 28.9 percent), the Timisoara Detergents Enterprise (34 percent), the Vladeni Yarn Spinning Mill (32.3 percent), the Focsani Cotton Spinning Mill (32.6 percent), and so forth.

For the purpose of correcting these shortfalls an increased concern appears necessary on the part of the suppliers of materials and prefabricated items (especially in the Ministry of the Metallurgical Industry and the Ministry of Forestry Economy and Construction Materials) in order to supply the worksites with greater regularity with contracted materials, prefabricated items and metal structures. It is no less true that numerous arrears at the worksites also appeared because of the fact that some builders so do not use at high levels all the equipment and means of transportation that they have on-hand, either because of a lack of concern on their part for obtaining a qualified work force or because of an inappropriate use and maintenance of the construction equipment motor pool. An objective review simultaneously carried out in the second quarter of 1979 by the organs of the Investment Bank in over 150 worksites in the Ministry of Industrial Construction, the Ministry of the Metallurgical Industry, the Ministry of Electrical Energy, the Ministry of Agriculture and the Food Industry, the Ministry of the Machine Building Industry and the Ministry of Forestry Economy and Construction Materials revealed the non-use of a large number of equipment and means of transportation, some of which were brand new, due to certain organizational shortcomings of the types mentioned, technical defects not corrected on time and a lack of discipline in the activities of the drivers and equipment mechanics. During a quarter of peak construction, as was the second quarter this year, the amount of time available to use equipment was used way below the possibilities (see Table No 2).

Table No 2

The Degree of Use of the Time Available for Certain Principal Construction Equipment During the Second Quarter 1979

Group of Equipment	Percent
- Excavators	43.1
- Graders and Self-propelled Graders	26.1
- Bulldozers	45.1
- Loaders	40.9
- Cement Mixers	53.5
- Cranes	52.2
- Self-propelled and Mobile Cranes	43.9

As a result, the construction organizations have the task of great responsibility of radically improving the manner in which they use construction equipment and vehicles on-hand at the worksite.

Good results in this direction can be obtained by distributing production tasks to the last link in the organizational chain (team, work formation), organizing the strict documentation of the movement of equipment and vehicles and of the work done, correlating the use of vehicles with excavation equipment, strengthening the work discipline of the operators and drivers when they come in for shift I and when they leave shift II, training the necessary number of equipment operators and drivers, providing spare parts and so forth.

Certainly, paralleling the efforts to attain the plan indicators for this year, special attention is required for preparing right now, under better conditions than in previous years, for the basic conditions for a better start for investments in 1980. For this purpose, it is necessary to place special stress, especially on the part of the users and designers, for completing and approving the technical-economic documentation for the new investment projects scheduled to be started next year and, at the same time, the building documentation for the volume of projects that are to be built in 1980, and especially in the first half of the next year. An activity just as sustained must be carried out by the investment users together with the suppliers of equipment for the clarification and solution, this year, of the problems raised by the contracting for technological equipment in the 1980 plan, with respect for the conditions regarding the correlation of the delivery schedule with

the requirements of assembly and start-up. The concentration of all these efforts for the full achievement of the investment plan and the preparations for achieving future tasks create important premises for the attainment of production to satisfy to a higher degree the demands of domestic users and of exports.

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DEVELOPMENTAL RELATIONSHIP BETWEEN INDUSTRY, AGRICULTURE

Bucharest REVISTA ECONOMICA in Romanian Nos 34, 36, 24 Aug, 7 Sep 79

[Article by D. Dumitru: "Integration of Agriculture in the Process of Social Leveling"]

[No 34, 24 Aug 79, pp 13-15]

[Text] In describing the stage of building the fully developed socialist society as one in which the all-around, harmonious and uniform development of the productive forces and of all socioeconomic activities is provided for and the productive and social forces and relations are increasingly coordinated, Nicolae Ceausescu said that this stage is marked by "intensification of the gradual disappearance of social and class distinctions and equation of their living and working conditions and their levels of professional, cultural and political knowledge, which will enhance the processes of social leveling and formation of the uniform working people, inspired by the same interests and ideals." (1)

Integration of agriculture as an essential subprocess of the macrosocial process of social leveling is a long-term historical process whose content and factors change with the overall stage of social development. In the stage of revolution and construction of the bases of socialist society through socialist reform of agriculture, the social inequalities caused by the exploiting classes were completely eradicated from society, a class structure based on socialist ownership was established, and the passage of all political power into the hands of the working class and working peasantry started the formation of the uniform socialist awareness of the new communities. But in the stage of building the fully developed socialist society, the whole process of social leveling is chiefly characterized by reduction of the essential inequalities and differences between agricultural and industrial labor, between city and village, between the working class and the peasantry, and between the levels of social awareness, and also by preparation in this way of the objective and subjective conditions for the actual disappearance of these inequalities and differences in the stage of communist construction.

Social leveling is a uniform and basic process characteristic of the socialist system that is accomplished in each stage by resolving the social contradictions manifesting the social inequalities and differences. While the antagonistic contradictions are eliminated in the first stage, in the new stage, wherein

socialism is developed on its own bases, a number of nonantagonistic contradictions still remain and other new ones develop that are peculiar to the stage, and their resolution leads to reduction of the essential economic, social and political inequalities and differences.

Although social leveling is a derived process resulting from the quantitative and qualitative changes in the productive forces and relations, it plays an important part in the whole process of building the fully developed socialist society and in preparing for communism.

As it is outlined in the Draft Directives of the 12th Party Congress, the decade of 1981-1990 will be a critical stage of the RCP Program for Building the Fully Developed Socialist Society and for creating the material and social conditions for the gradual transition to communism. As the draft says, "Social relations will be continually improved along with the development and modernization of the productive forces, on behalf of a harmonious development of all society and a high standard of material and cultural civilization for the entire people. The socialist principles of work and distribution will be consistently promoted, with provision for a suitable ratio between low and high incomes and unflagging enforcement of socialist ethics and justice. The changes in the social structure will lead to an even more pronounced development of the role of the working class in all social activity, to an even closer rapprochement between the classes and social categories and their greater cohesion, to reduction of the essential differences between agricultural and industrial labor and between city and village, and to further social leveling." (2)

It is in this light that we shall discuss selectively the problems of integrating agriculture in the whole process of social leveling in the next decade by resolving the particular contradictions, which is the inner source of development.

1. Equalizing Agricultural and Industrial Labor

Equalizing the economic levels of agricultural and industrial activity by gradually converting agricultural labor to a form of industrial labor is one of the major problems whose solution will to a great extent determine our progress from the present stage of a developing socialist economy to a medium level and then to a level on a par with that of the economically advanced countries.

Reduction of the gaps between the economic levels of agricultural and industrial activity, elimination of the essential differences between agricultural and industrial labor, and the ultimate conversion of agricultural labor to a form of industrial labor can resolve the existing contradictions between industry and agriculture, between city and village, and between the working class and the peasantry. It can bring about a more intensive participation of agriculture in overall economic growth and in equalizing rural and urban living standards and conditions.

These qualitative changes are a long-term historical process that can be implemented on the basis of the changes made by the scientific-technical revolution in material production in general and in agriculture in particular.

The present differences and gaps between agriculture and industry are not due to the nature of the work in these fields of material production. The causes of the lag in agriculture are historical. They are not to be explained by the general socioeconomic context and are no regular feature of social development as some bourgeois economists have tried to prove. Mihail Manoilescu, for example, advanced the theory of the intrinsic superiority of industry over agriculture on the basis of the fact that labor productivity in agriculture was 4 times less than in industry (1935) and 8-10 times less than it was in some sectors (chemical industry, food industry) (3), and the theory had a wide circulation at the time. And recently the American economist E. O. Heady said that agriculture is a "compensated" sector in the economically advanced countries because of the unequal development of industry and agriculture (4), while the Belgian economist Quaden describes it as a "dominated" and "assisted" sector. (5) This also gave rise to the quite widespread idea that a stage had been reached of a transfer of values to agriculture from other sectors, since some subsidizing practices were misconstrued as a total compensation instead of partial "restitutions" of the surplus product created in and received from this branch.

The fact that industry has developed faster than agriculture for more than two centuries does not mean that this is a regular feature of social evolution. As Karl Marx said in his dispute with Rodbertus, "In the precapitalist production methods agriculture was more productive than industry because in agriculture nature aids man's labor as an organism, while in industry manpower was used almost exclusively instead of the forces of nature. In the period of rapid growth of capitalist production, labor productivity developed faster in industry than in agriculture although industrial development presupposes a considerable change in the ratio between fixed and circulating capital in agriculture, that is it presupposes that a large number of people have been withdrawn from the land. Later on productivity increases in both industry and agriculture, although at unequal rates. But at a certain stage of industrial development this disproportion must begin to diminish, that is agricultural productivity must increase relatively faster than industrial productivity." (6)

The gap between the evolutions of labor productivity in industry and agriculture originates in the very nature of the historical development of material production. Under capitalism labor productivity increased more slowly in agriculture than in industry because of the unequal growth of the productive forces in the two sectors. We must remember here that the industrial revolution that took place in some countries at the end of the 18th and in the first half of the 19th centuries preceded the introduction of agricultural machinery and that the very production of the latter depended upon industrial progress. It should also be remembered that machinery, the scientific basis properly speaking of large-scale industry, was intensively developed in the 18th century, but the branches of science directly related to agricultural progress (biology, chemistry etc.) were developed later. Moreover agricultural mechanization was retarded in many countries by the longer duration of feudal relationships and by the economic limitations of small-scale production of goods.

The trends Marx predicted are beginning to appear in a number of countries, brought on by the present scientific-technical revolution and making it possible to remedy agriculture's inferiority to industry. These changes are due to the scientific-technical revolution in industry and the other sectors as well as the one in agriculture itself.

Industrialization is the decisive factor that initiates and determines all the essential processes in Romania, both socioeconomic and those of technical-scientific progress. It provides for better use of material and manpower resources, higher technical standards in all sectors of material production, and change in the social division of labor and in the class structure of society. The role and functions of industry change with the stages of the historical process of socioeconomic development. While in the stage of laying the foundations of socialism industrialization provided for the technical-material modernization of the economy and a social structure characteristic of the socialist order, in the stage of building the fully developed socialist society industrialization is a decisive factor for eliminating the present contradictions in our society and consequently in the great process of social leveling.

To illustrate some characteristics of these processes, it suffices to say that while in the 1951-1955 plan the industrial social product exceeded the agricultural one for the first time in Romania's history, in the 1976-1980 plan the industrial labor force will exceed the one employed in agriculture.

Agriculture is being radically changed by introduction of modern technical-scientific advances chiefly to replace animal and human energy with mechanical energy, to apply the findings of biological research to genetics and nutrition especially, to make all-around use of chemistry, to raise soil productivity, particularly by expanding irrigation, and to use modern methods of organization, management and administration of economic activity.

The progress made and some trends that are beginning to appear now by no means indicate that agriculture will become a leading sector, but that the historical possibility of bringing it up to the average level of economic development is apparent. They all point only to the possibility of closing the gaps and eliminating the present contradictions, and the conversion of this possibility to a socioeconomic reality is a very complex and lengthy process in view of the present and future economic parameters that must be objectively considered.

The socioeconomic proportions of the present stage and the future can be gathered from comparison of some general indices and factors determining closure of the gaps between the developmental levels of industry and agriculture.

Labor productivity is a general index that graphically expresses the ratios between the developmental levels, despite the imperfect comparability of the data, and it is now 7.5-8 times higher in industry than in agriculture.

Analysis of the rates over a longer period shows they differed in the two sectors. Industry is generally characterized by a steady gain in production through increased labor productivity and manpower, primarily due to the first factor. In the 1950's and early 1960's the agricultural output was increased by gains in both labor productivity and manpower, and the second factor was decreasingly operative. After the conclusion of cooperativization, agricultural production was increased through labor productivity alone. Nevertheless the average annual growth rate of labor productivity in industry was higher than that of agriculture in 1950-1970, and the gap increased from 5.1-5.2 percent in 1950 to 9.3-9.4 percent in 1970. In the 1970's the average growth rate of labor productivity in agriculture is overtaking that of industry for the first time, and the gaps are starting to narrow. According to some preliminary calculations, the levels of agricultural production with a labor force of about 15 percent of the total employed population in 1990 will be reached with an average annual increase in agricultural labor productivity of 11.5-12.5 percent from 1970. This will reduce the gap between agricultural and industrial labor productivity to 2.5-3 times, and equalization will be possible in the 1990's.

Investments are a decisive factor in raising the technical level of agricultural labor and one of the most important factors for equalizing the growth rates of labor productivity in agriculture and industry. The gap in investments per employed person in industry and agriculture was reduced from 29 times in 1950 to 10.4 times in 1960, 6.5 times in 1970 and 4 times in 1975. The same trend is evident in power equipment of labor, where the gap was reduced from 5.4 times in 1960 to 1.2 times in 1977. Allocation of major investment funds to agriculture in the next decade, as provided in the Draft Directives, alongside reduction of the population employed in this sector will improve the equipment of the labor force with energy and fixed assets.

Improved equipment of labor with production and energy means is making essential changes in its nature and organization, making the production processes in agriculture more like those in industry. From the standpoint of its technical level, our agriculture could be described by the following stages: (a) traditional, as practiced by farmers with private farms and on the auxiliary farms of cooperative members; (b) intermediate, as on most agricultural cooperatives and some state agricultural enterprises, especially in crop production; and (c) industrial, particularly in intensive stock raising on state agricultural enterprises and in intercooperative economic associations. In the stock raising complexes in industrial systems labor productivity approximates or equals and in some cases exceeds that of some industrial enterprises. Industrial methods are now beginning to be extended to cultivation of bread grains, industrial plants, vineyards and orchards. The rising trend of the growth rate of agricultural labor productivity and its approach to the industrial level are primarily due to expansion of industrial methods and appropriate systems for organizing production and labor.

Since the other two stages coexist for a long time, achievement of an agriculture of the industrial type is a lengthy process for which socioeconomic as well as technical conditions must be created. The extent and duration

of this process are also affected by the great gaps between state and cooperative agriculture and by great regional disparities in technology as well as production and labor productivity. In 1977 labor productivity in state agricultural enterprises was 6 times higher than on agricultural cooperatives. One of the reasons for this is inferior energy equipment per employed person, which was 5 times less on the agricultural cooperatives (including machine-tractor stations) than in the state agricultural enterprises.

The regional disparities present particular problems. According to the studies of the Institute of Agrarian Economy, the value of the net output per hectare varies from 1 to 10 between the poorer areas and those with a high natural potential, especially in the plains areas. These disparities can be lessened by investment projects and by appropriate regional systems of agriculture, but they will continue for some time.

Elimination of the existing gaps in technical equipment of labor between industry and agriculture, between the state agricultural enterprises and the agricultural cooperatives, and between the agricultural units in different areas will lead to a general equation of agricultural and industrial labor and to elimination of the essential differences in labor in the two sectors of material production.

This is one of the essential prerequisites for eliminating the contradictions caused by the levels of industrial and agricultural development, for enhancing agriculture's contribution to economic growth, and for bringing our economy up to the level of the advanced countries.

[7 Sep 79, pp 3-4, 26]

[Text] 2. Rural-Urban Social Leveling

As Karl Marx said, elimination of the contradictions between city and village is "... one of the first prerequisites of social unity." (7) Elimination of these contradictions and rural-urban social leveling are highly complex problems socialism has to solve, as the new order has inherited this imbalance from a long historical evolution. As Marx put it, "The greatest division of physical and mental labor is the separation of city from village, which appeared with the transition from barbarism to civilization, from tribal organization to villages, and from provincialism to the nation, and it persists throughout the history of civilization up to our times." (8) The opposition between city and village developed and continued in all systems based on exploitation, the working masses in agriculture being constantly subject to a twofold exploitation, that of the big landowners and that of the urban exploiting classes. Owing to the transfer of the surplus product from agriculture to the urban centers, villages everywhere lagged behind the cities economically, socially and culturally. Construction of the uniform socialist economy eradicates the economic bases of the opposition between city and village, and society develops on the basis of community of interests between city and village. But this eliminates only the antagonistic character of the contradiction, and the great gaps inherited from the old regime still persist.

The process of eliminating urban-rural contradictions and the consequent social leveling take place in two main directions, reduction of the agricultural population through transfer to nonagricultural urban activities, and socioeconomic reorganization of the villages.

The steady growth of industry radically changed the population structure according to environments. The proportion of urban population rose from 23.4 percent in 1948 to 47.8 percent in 1977, partly because of migrations of rural population to cities and partly because of the natural increase in the urban population. The development of industry and the third sector in cities absorbed not only a large part of the rural population but also the whole natural general increase in the population. While the total population increase in 1977 from 1948 was about 36 percent, the urban population increased by nearly 3 times, and in the same period the rural population decreased by nearly 1 million persons. Despite these changes there are about 11 million people living in over 13,000 villages belonging to 2,706 communes.

Further development of industry and its balanced geographic distribution will lead to a population increase in the present cities and the creation of 140 new urban centers by 1985, according to the provisions of the Draft Directives of the 13th Party Congress. The proportion of the urban population will reach 55 percent in 1985 and about 65 percent in 1990. The urban population will grow faster than the rural one due to industrialization and to the greater natural increase in cities because the average age is lower in cities than in villages. But even if by the year 2000 our rural population reaches 20-25 percent of the total population, as in the developed countries, the villages will still have 6-8 million inhabitants out of a total population expected to be 30 million inhabitants. Therefore we can conclude that eradication of the differences between cities and villages will not mean the disappearance of the latter but only a shift in the urban-rural proportions.

Elimination of the contradictions and leveling of the living conditions in cities and villages cannot be accomplished by the disappearance of the latter but by the second essential process, namely socioeconomic reorganization of the villages. The difficulty of the problem of rural evolution and elimination of the contradictions has led to various solutions, two of which are in wider circulation: (a) urbanization of the villages and (b) modernization (reorganization) of same, while they remain distinct socioeconomic communities with characteristic features. We do not intend any detailed analysis of these two different concepts but will only note that the arguments of one investigator of the problem (Al. Barbat) (9) against "urbanization" and his plea for a concept of "the modernized rural" are worthy of consideration to substantiate the strategy of development of our rural communities in the future.

The concept of "urbanization" of the rural is based on the premise of the unquestionable and complete superiority of the urban and consequently on resolution of the contradictions through introduction of urban features into the world of the villages. Like the theory of inferiority of agriculture to industry, the analysis and solutions consider neither the causes nor the

historical context of the appearance and development of the rural-urban disparities and contradictions. Society cannot be standardized either in activity or in habitat. On the contrary, the rural cannot be "urbanized" if we proceed from the correct idea that leveling does not mean standardization and from the objective trends toward diversification of socioeconomic activities.

Development of rural communities is essentially determined by the nature of the agricultural activity. This does not mean that "purely" agricultural communities have existed or will exist, but only that this economic activity will continue to predominate. Overall economic development will lead to diversified activity in rural communities too, with development not only of agriculture but also of industry, trade, services etc. The policies established in the Draft Directives for allocation of industry in rural areas and full development of the economic activity of the uniform agroindustrial councils will permit a balanced regional economic development. This will enhance the economic strength of the rural communities while changing the occupational structure of the rural labor force. And the development of industry in the urban centers means that a large part of the labor force used by this industry will reside in the neighboring rural communities and change the social structure of the respective villages. The social structure of rural communities will also be changed by the increase of the population employed in services, education etc.

Improvement of economic activity, especially through intensified agriculture, and occupational and social diversification will preserve a number of features characteristic of rural communities. Improvement of the living standard through greater resources for raising incomes and introduction of the elements of urban modernization by which cities have mainly benefited under certain historical conditions will lead to elimination of the essential differences between city and village as well as the contradictions ant to urban-rural social leveling.

3. Higher Incomes to Raise the Farmers' Living Standard

The problem of parity of incomes of agricultural producers is one of the most important and disputed ones of socioeconomic thought and a reflection of the unresolved contradiction of the historical disparity of incomes. The position of farmers' incomes in the past below the average social level made the demand for parity of incomes the main objective for centuries of the struggle for socioeconomic emancipation of the peasants. While in the Middle Ages and later under capitalism the peasants' battle cry was "We want land," since egalitarian distribution of land was considered the main way to solve the problem of the living standard and was one of the petty bourgeois egalitarian myths, the premises and real conditions for leveling incomes on the socialist principle of distribution and for providing equal incomes for equal work have been created for the first time under socialism.

The concept of parity of incomes is much disputed not only because it represents conflicting interests but also for methodological reasons, since there

are still no satisfactory methods of measuring incomes, cost of living, or standard of living for the various social categories. Therefore we shall discuss only the effort to level incomes as a main component of the process of social leveling.

In approaching the problem from this standpoint, we think the data presented by Nicolae Ceausescu in his speech at the Conference with Administrative Personnel in Industry, Construction, Transportation and Agriculture on 6 March 1979 (10) (Table 1) are very illustrative.

Table 1

Tabelul nr. 1.						
	1950	1965	1970	1975	1978	1978 1 față de 1950
Retribuția medie netă a personalului mun- 2 cilor — lei, lunar	337	1028	1289	1595	2011	6 ori 5
Veniturile nominale nete ale țărănimii 3 obținute din munca în C.A.P. și gospodă- riile personale pe o persoană activă — lei, lunar	167	495	571	990	1268	7,6 ori 5
Veniturile ce revin 4 pe o familie din fondurile sociale de consum — lei, lunar	722	3658	6015	8783	10051	13 ori 5

1. 1978 from 1950
2. Average net pay of workers in lei per month
3. Farmers' nominal net incomes from work on CAP's and private farms per employed person in lei per month
4. Incomes per family out of social consumption funds in lei per month
5. Times

The faster growth of farmers' incomes than those of workers in other sectors reduced the gap between incomes from 52 percent in 1950 to 36.6 percent in 1978.

Farmers' real incomes per employed person are to be up 20.0-23.0 percent in 1985 from 1980, and 48-50 percent in 1990 from 1980, the respective increases being greater than those in the worker's real wage.

The main source of the increase in farmers' incomes will be the increase in agricultural production and its economic effectiveness. To provide for the

gain in production and economic effectiveness and the resulting increase in farmers' incomes, agricultural labor productivity will have to increase more rapidly than the average wage, while the wage fund will have increase more slowly than the gross agricultural output. Along with the increased incomes of agricultural workers, these correlations will also provide for the accumulation fund needed for the higher wage (Table 2).

Table 2

Evolution of Gross Agricultural Output, Labor Productivity and Wages in 1980-1990 (11)

1970=100.0

	1980	1990
Gross agricultural output	232.0	328.0
Wage fund	180.0	182.0
Labor productivity	5.5 times	12.5 times
Average annual wage per employed person	2.9 times	4.7 times

In the next period agriculture will intensify the effort to increase production, using less manpower so that the number of workers will be reduced to 1.5-1.7 million in 1990, or a decrease by 3-4 times from 1970.

These correlations will reduce the gap between farmers' and workers' incomes from the present 36.6 percent to 20-10 percent in 1990.

This can be accomplished by raising the technical level of production and the qualifications of agricultural workers to the level of industry, by more complete and uniform use of the labor force all year, and by social measures to stabilize a population employed in agriculture with a suitable age and sex structure.

Against this general background, one of the most difficult problems is to reduce the regional disparities of farmers' incomes. And in these situations the main way is to increase production and economic effectiveness in the poorer agricultural areas. Organization and development of the state and cooperative uniform agroindustrial councils are the best economic and productive methods of creating the resources needed to close the gaps and raise the incomes in the areas that are now substandard.

The leveling trend is also reflected in the evolution and structure of the outlays of farmers' families, whose cash outlays were up 412.8 percent in 1977 from 1955, exceeding the growth rate of the national average outlays per family.

Farmers' incomes are also leveled with those of other categories of workers by annual increases in the allocations out of the state budget and other social cultural funds. Through the incomes from social funds, which amount to 20 percent of the population's total incomes, the farmers benefit by goods and services from institutions of education, culture and health protection, institutions for children, rest homes etc. and also directly in cash in the form of pensions, scholarships, aids etc.

The introduction and generalization of the pensioning system for cooperative farmers and farmers in the uncooperativized areas were important steps in leveling urban and rural incomes. But the present material and financial resources do not permit pensions for farmers equal to those of the other categories of pensioners. The pensions will be equalized as the necessary funds are formed, and this is one of the vital requirements for maintaining a young and effective agricultural population.

The state allowances for children are important in leveling incomes. The increases in March 1978 have raised the incomes of farmers' families considerably and will help to raise the birth rate and to improve the living standard.

All this shows that as socialism is developed and consolidated in Romania it equitably solves the problem of the whole population's incomes, including the farmers' ancient aspiration to parity of incomes.

4. Equal Living Standards for Farmers, Workers and Intellectuals

In the stage of laying the foundations of socialist society the exploiting classes vanished and a new social structure was formed of social classes and strata united by common aspirations and interests, based on socialist ownership. But in this stage society still objectively contains a number of social inequalities and essential social distinctions. The stage of building the fully developed socialist society enhances the leveling process by preparing the objective and subjective conditions for gradual reduction and complete disappearance of the essential differences, to be achieved in the stage of communist construction. The existence of social inequality and essential distinctions gives rise to a number of contradictions. As Nicolae Ceausescu said, "Obviously we no longer have antagonistic social classes, but social classes and categories still exist. To be sure they are friendly classes wishing to build the new social order together, but it would be an error to fail to see that there are contradictions and differences between the social groups and classes in our society. There are certain contradictions between workers and peasants and city and village, regarding conditions and type of work, level of awareness, incomes etc. It is clear that these differences are bound to cause contradictions, which can develop and become antagonistic if they are not properly understood and if we do not act to eradicate their causes." (12)

The main causes of these contradictions are economic, and they lead to disparities of incomes and living conditions. Elevation of socialist ownership to a new level will provide better and more uniform living and working

conditions for all social categories and classes in both cities and villages. The present stage is characterized by a regular process of collaboration and cooperation between state and cooperative ownership, and the recent organization of the state and cooperative uniform agroindustrial councils is important in this respect. The councils create the organizational framework for a new quality of collaboration and cooperation between the two forms of social ownership, raising them to a higher level. Introduction and generalization of modern methods will raise the technical level of production and improve the qualifications of all agricultural producers, while providing the economic basis for a uniform and more stimulating remuneration system.

Major changes will be made in the cooperative farmers' occupational training and social-political awareness. The cooperative farmers' training will be comparable to that in the state units, and they will participate directly in making decisions for the consolidation and development of the cooperatives and uniform councils.

The farmers in the agroindustrial councils will have the same status as the workers in the state units as coowners, managers and beneficiaries of the production means and the results of the work performed.

The stage of building the fully developed socialist society is marked by a high degree of social mobility and transition of large groups of people from one social class or category to another. Thanks to modernization of the productive forces, qualitative changes in the whole national economy, mechanization and chemization of agriculture, and labor productivity growth in that sector, the farmers will be reduced numerically and pass into the ranks of the working class or other social categories or strata. Despite this reduction, Romania will not become a country "without farmers." That social class will continue to play a vital part both in production of material values and in social management.

As the RCP Program points out, "The worker-peasant alliance will continue to be the essential factor for socioeconomic progress in Romania and the main political force that will ensure the further development of the people's revolutionary gains and the advance of society on the path of socialism and communism." (13)

The magnificent progress made in socialist construction in the 35 years since the victory of the national armed insurrection against the fascists and imperialists is a sure foundation for the implementation of the directives of the 12th Party Congress, which constitute an inspiring program for the prosperity and progress of Romanian society.

FOOTNOTES

1. Nicolae Ceausescu, "Romania on the Path of Building the Fully Developed Socialist Society," Vol II, Political Publishing House [PPH], 1975 p 76.

2. "Directives of the 12th Party Congress on the Socioeconomic Development of Romania in the 1981-1985 Five-Year Plan and the Long-Range Objectives up to 1990 (Plan)," SCINTEIA No 11473, 12 July 1979.
3. See "Romanian Encyclopedia," Vol III, 1939, pp 257-258.
4. See E. O. Heady, "Agricultural Policy Under Economic Development," Iowa State University Press, Ames, 1962.
5. Guy Quandt, "Parite pour l'agriculture et disparites entre agricultures," La Gage, 1973.
6. K. Marx, "Theories of Surplus Value," Part II, PPH, 1960, p 86.
7. K. Marx, Fr. Engels, "German Ideology," in "Works," Vol 3, PPH 1958, pp 51-52.
8. Idem, pp 94-95.
9. See Al. Barbat, "What is Becoming of the Rural," VIITORUL SOCIAL, No 4 1973 and "On the Concept of 'Urbanization,'" VIITORUL SOCIAL, No 2, 1978.
10. Nicolae Ceausescu, "Speech at the Conference with Administrative Personnel in Industry, Construction, Transportation and Agriculture," PPH, Bucharest, 1979, p 13.
11. See D. Dumitru and C. Iacobovici-Boldisor, "Greater Effectiveness of Production Outlays in Agriculture," prospective study of the synthesis "Ex Terra Aurum," 1973.
12. Nicolae Ceausescu, "Speech at the Conference of Personnel in the Social Sciences and Political Education," SCINTEIA 8 October 1976.
13. "RCP Program for Building the Fully Developed Socialist Society and for Romania's Advance Toward Communism," PPH, Bucharest 1974, p 103.

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EQUALIZATION OF OPERATING CONDITIONS IN ECONOMY ARGUED

Equalization Urged

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1505, 11 Nov 79
pp 14-15

[Article by Danilo Knezevic: "The Search for a Solution"]

[Text] Here we will be talking only about equalization of the conditions for economic activity of groupings in the same industry.

What does it actually mean to equalize operating conditions in the economy in the context of the effort to achieve socialist production relations? What is the essence of this issue or of the controversy concerning it, in that certain social and political forces have been supporting it and regarding it as essential to the development of self-management for some 20 years now, while others dispute and reject it? It is not so difficult to give a simple answer to this question, at least so it seems to me. A highly simplified answer to this question would be that the workers employed in groupings of the same industry receive or obtain the newly created value by virtue of their labor, but not by means of various forms of rent, by deriving profit from capital in the form of interest, by virtue of a monopolistic position on the market, or anything of that kind. However, it appears that it is much more difficult to build the system into the existing production relations and socioeconomic system.

The Fate of a Demand

In the early sixties we began to debate the equalization of the economic conditions under which industries and groupings operate. This was in fact a programmatic demand of the Central Council of the League of Yugoslav Trade Unions, presented at a time when the existing socioeconomic relations built during worker self-management as an elective system were fast breaking down. At that time the economic units began to be established, wage-rate regulations and quota systems were shattered, and worker caucuses were becoming places where decisions were made. The demand for remuneration according to the results of work was being expressed ever more resolutely. At that time

and under those circumstances the demand was made for equalization of operating conditions in the economy as one of the prerequisites for achieving distribution according to the results of work and thereby also for raising labor productivity and more successful business performance in general.

The demand for equalization of economic operating conditions among economic industries and groupings was adopted in Yugoslavia at that time both as policy and as line of action. It was included as a constitutional provision in the 1963 Constitution. In the years that followed that principle experienced a strange fate. Not much was said about it at the Eighth LCY Congress, it no longer figured as a constitutional principle, and it was not even mentioned at the 9th, 10th and 11th congresses. A few years ago at a meeting of the Presidium of the LCY Central Committee this principle was criticized a danger threatening industry-grouping monopoly on the Yugoslav market.

However, after all of that and after so many years in June 1979 the LCY Central Committee very resolutely revived the principle of equalization of economic conditions by taking the following stands:

"Public activity to develop relations based on shared income through the pooling of labor and capital and to raise labor productivity should at the same time keep abreast of an examination of the economic position of industries and groupings in the economy. In the competent bodies and agencies in the republics, provinces and the Federation, in economic chambers and bodies of self-management, and in organizations of associated labor party members should be involved in the work of putting the mechanisms and instruments of the economic system and appropriate economic policy measures into specific terms so as to ensure that the various groupings and industries enjoy maximum equality as to their socioeconomic position on the Yugoslav market, so that the instruments of the system do not give preference to certain producers and place others in an unequal position. These relations have to be harmonized when medium-term plans and development programs of organizations of associated labor and sociopolitical communities are adopted for the period 1981-1985."

Unequal conditions of economic activity in the early sixties, when this demand was made for the first time, were manifested in the fact that a large number of workers were working with means of production which had previously been built by the state during the administrative period, and they were not compelled to repay principal and interest. Yet other workers, whose number was steadily increasing, were working in enterprises which had been built with loans and bank credit, often obtained under very unfavorable terms, on which payments of principal and interest had to be made. Then there were various forms of rent which certain producers were benefiting from, while others did not have them at all. Customs duties or export premiums, the tax system--and all of this depended on decisions of the bureaucrats. Those decisions were able to bring undeserved surpluses to certain producers and take away hard-earned income from others. Also, certain

organizations set the prices of their products without restriction, while the prices of others were subject to government controls, and so on.

The demand for equalization of economic operating conditions of industries and groupings, as it was made in the sixties, aimed at equalization of income relative to present and past labor, the purpose, of course, being to eliminate the use of rent, monopolistic position on the market, and the consequences of inappropriate government measures and the like from the relations that existed in industries and groupings.

It is difficult to say what would have been the result of this demand or proposal. It would have had to be checked and studied, and this was not done either when it was made for the first time, nor later, when it became a constitutional principle.

As for equalization of economic operating conditions between groupings engaged in the same kind of production, there is another proposal or approach which also deserves examination. Its point of departure is as follows: equalize the average personal (personal and community) consumption of groupings engaged in the same kind of production so as to fulfill the requirement: the same earnings for the same (socially recognized) work. That is, this would be a means of implementing the principle which Marx himself set forth: that with respect to an article for individual consumption, an equal amount of labor in one production operation would be equivalent to the same amount of labor in another type of production.

In some groupings the employees receive housing in 3 years, in others it takes 5 years, in still others 15, and in some even several decades of work service, though all employees pay between 7 and 12 percent of their personal incomes into the housing fund. There are also unjustified differences in earnings. For one of the most difficult jobs, that of the miner, average worker earnings in that grouping were about 308,000 old dinars in Serbia in 1978.

Marx' principle that all entry of the direct producers into association must be based on the principle of self-financing is most closely related to this. He held that this is a first condition for any form of association. Neither according to Marx, nor according to the most commonplace good judgment is it logical, nor should it be possible, to pool labor and capital and then to produce losses?! Then the government must inevitably intervene and find the money somewhere to commence the notorious process of financial rescue. Marx states as a condition of harmonious economic development that formation of the capital necessary to the future harmonious development of every grouping engaged in production of the same type be planned in advance in the form of the average for the grouping. Actually the basic purpose of the plan would be to eliminate bottlenecks between groupings engaged in the same type of production and to facilitate harmonious and stable development of the economy as a whole.

A Word or Two About the State

Back some 20 years ago, at the Seventh LCY Congress, the principle of distribution according to the results of work was adopted. However, it has not been realized even today, even though it has been supported in many resolutions, speeches and resolves. The reason, in my opinion, should first be sought in the fact that the entire system for earning and distributing income is burdened by unequal economic operating conditions, relations based on capital, operation at a loss, overindebtedness, and so on. Unless these issues are resolved, distribution according to the results of work cannot be achieved in practice.

Equalization of economic operating conditions is no magic wand unless the other elements necessary to its effect are built into the system of socio-economic relations. One such element is adoption of a mandatory planning proportion and establishment of full balance between productive and nonproductive consumption. Such a decision, through conclusion of self-management compacts and accords, ought to be adopted at the level of the Federation and ought to be mandatory from the Federation to the OOUR [basic organization of associated labor]. Along with the Chamber of Republics, delegates from groupings engaged in production of the same kind would have to participate on an equal footing in adoption of decisions of this kind at the federal level. A similar position would have to be taken with respect to policy concerning the issue of money, which would have to be oriented solely toward creating new values, and not toward consumption as well.

Except for defense, security and foreign policy, the state's role has been diminished under the constitution, and in certain domains--at least as far as the Federation is concerned--it has been altogether abolished. Nevertheless, the federal bureaucracy is growing constantly. Both government and political bureaucracies are developing at all levels. Yet the OOUR, as a complete socialist production relation, is still having quite a few difficulties in the sphere of production, not to mention domains outside the economy where it is markedly weak both in its number and its essence. Which is why the material and social force of integration is not recording any strong expansion or dynamic rate of growth. The process of integration seems to have stopped in the opstina--more than 70 percent, and then there is a bit of it in the republics and provinces--about 20 percent, and there is least of all in Yugoslavia as a whole--less than 5 percent.

The question is whether the policy of equalizing conditions of economic operation, were it adopted, would signify a new strengthening of the administration--to be precise, some type of centralization and strengthening of the state. In my opinion it would not. On the contrary, if this principle were implemented, there would be good reason to expect the forces for self-management in Yugoslavia to become stronger and to take on a new impetus and more dynamic pace of development.

In the numerous earlier debates about introducing the policy of equalization of economic operating conditions in the system the fear was repeatedly displayed that it could threaten ethnic equality. There were remarks to the effect that there would be a kind of "leveling" of income by republics; then in the center "state capital" would again be created; that there might be an unjustified siphoning of income from the advanced to the less developed regions, and so on. Even though one of the proposals was for the policy of equalization of economic conditions to be decided and elaborated by delegates of the working class from all the nationalities and ethnic minorities, the proponents of this demand were even charged with not understanding the nature of the pluralism of ethnic interests.

Now, let us see what the situation is with economic equality at present. Perhaps numbers are more eloquent on this topic.

The per capita social product in Yugoslavia in 1953 was 65,391 dinars (according to official figures). If we take this figure of 65,391 dinars as 100 percent, then the relative standings of the republics and autonomous provinces would be expressed as follows:

	<u>Dinars</u>	<u>In Relative Terms</u>
1. Slovenia	125,318	191.06%
2. Croatia	74,774	114.30%
3. Vojvodina	62,906	96.20%
4. Serbia proper	60,172	92.00%
5. Bosnia-Hercegovina	53,361	81.60%
6. Macedonia	38,445	58.80%
7. Montenegro	38,445	58.80%
8. Kosovo	34,850	53.30%

Using the same procedure, just abbreviated somewhat, let us see what sort of relations existed 14 years later, in 1977 (expressed in new dinars and in prices of that same year).

In that year, 1977, the per capita social product in Yugoslavia was 33,818 new dinars. Now if we take this figure as a base of 100 percent, the relative standings of the autonomous provinces and republics is as follows:

1. Slovenia	198.6%	5. Bosnia-Hercegovina	65.8%
2. Croatia	127.5%	6. Macedonia	64.7%
3. Vojvodina	120.0%	7. Montenegro	69.9%
4. Serbia proper	97.0%	8. Kosovo	29.9%

Now if we take all the advanced republics and provinces (Slovenia, Croatia, Vojvodina and Serbia), their position relative to Yugoslavia in 1953 would be 112.8 percent, while that of the underdeveloped (all the rest) would be 72.6 percent. In 1977, if we take Yugoslavia as 100 percent, the advanced stood at 123.6 percent, and the less developed at 59.0 percent.

The question is whether the principle of equalization of economic conditions would unjustifiably improve or detract from the economic position of any ethnic entity.

The purpose of this article was not to go into this very deeply, but I would still like to make two observations which in a way are related to equalization of economic operating conditions.

First, we should say that it is an utter illusion on the part of those forces in the provinces and republics which, limited by their narrow interests, are tripling or multiplying economic capacities so as to "round out" their national economy in this way and thus "become stronger." And it is clear that this strategy can only be detrimental to the working people of all Yugoslavia. On the other hand, there are forces in the advanced regions which at all costs are defending the status quo and existing relations in the realization and distribution of income, though often this is on the basis of market rent, through a capital relation, monopolism, or through elements of excessive profit, in actuality exploitation of some other region. To apply the principle of equalizing economic conditions in our practice would strike a blow to both those tendencies.

For all these reasons it is indispensable to commence a frank and documented and constructive debate on equalization of economic operating conditions between groupings engaged in production of the same kind (or between industries and groupings). A debate which seeks causes offers solutions or at least indicates them.

Recentralization Feared

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1506, 18 Nov 79
pp 10-11

[Article by Dusan Mitevic in response to the Knezevic article "Search for a Solution": "Does the State Get Weaker Even When It Is Getting Stronger?"]

[Text] The article in the last issue of NIN [weekly news magazine] entitled "Search for a Solution," which was written by Danilo Knezevic and in which he spoke about certain aspects of "equalization of economic operating conditions," is in my opinion worth going back to because of the importance of the topic and because of some of the positions which the author took or referred to. The basic purpose of my letter is to try to promote a more precise approach to this important issue in our system, which also has an impact on the nature of social relations, so that the subsequent discussion would contribute to clearing up concepts and might possibly indicate ways and directions for a solution.

Why a "Strange Fate"

It should therefore be said that Comrade Knezevic's very first sentence, in which he states his intention of speaking "only about equalization of conditions of economic operation of groupings engaged in production of the same kind," can cause confusion. The expression "production of the same kind" is not precise enough, though later it becomes clear that Comrade Knezevic is speaking about equalization of economic operating conditions between entities and groupings engaged in different production. This is best seen in the brief "historical introduction," in which Comrade Knezevic mentions the well-known programmatic demand of the Central Council of the League of Yugoslav Trade Unions, "which commenced debate of equalization of economic operating conditions between industries and groupings." Since this makes the topic more precise, the author rightly states that the demand thus stated was included as a principle in the 1963 Constitution, but it is difficult to accept his statement that the demand for equalization of economic operating conditions thereafter "experienced a strange fate."

In order to illustrate this "fate" Comrade Knezevic writes: "Little was said about it at the Eighth LCY Congress, it no longer figured as a constitutional principle, and it was not even mentioned at the 9th, 10th and 11th congresses."

Had that been the case, in my opinion, there would have been reason to put a question like this: "Where, oh where, is the principle?" and which are those social forces that removed it from the historical scene, and how did they do so. Especially since like a subterranean river it is appearing all of a sudden, according to Comrade Knezevic's article, in 1979 in a plenum of the LCY Central Committee. A different note needs to be introduced into the search for an explanation as to what happened to the principle of equalizing economic operating conditions, which is that it literally was never withdrawn as a demand, but social practice and also theoretical thought superseded it in the search for solutions most appropriate to it in the context of increasingly advanced self-management relations. There is nothing "strange" in the fact that the new constitution and especially the Law on Associated Labor cast a qualitatively different light on a number of elements of our socioeconomic system and development, and on the problem of equalization of economic operating conditions as well.

It Was Never Rejected

The constitution and the Law on Associated Labor take the position that solutions to this issue are to be sought by respecting the basic logic of the pooling of labor and of the realization and distribution of income through the procedure of drafting and fulfilling medium-term social plans and production programs of organizations of associated labor and work programs of the sociopolitical community. Giving this logic of the constitution a broader interpretation, as the lawyers like to say, nothing is standing in the way of the working people in industries and groupings "of the same kind"

and of different kinds from adopting various types of compacts and self-management accords to regulate on a long-term basis their relations in the joint earning of income with a view both to greater justice and social security. However, by no means should we overemphasize this (because these processes are going slowly and are sometimes even inconsistent in the present phase) and then forget that this is the inalienable right and interest of the working people and that no one can exercise it in their place.

Speaking about the problem of the behavior of the working people in the sphere of income, Edvard Kardelj says in an essay entitled "The Contradictions of Social Ownership":

Why by the nature of things must the worker be interested both in terms of class and economics in seeing that his current labor and his income are directly involved in all the flows of self-management integration of social labor? If he is not so motivated today, this is the consequence of inappropriate economic relations between present and past labor, between the worker and the accumulated surplus value of his labor, and, I would say, [the reason lies] in an institutionalization of those relations so as to determine the character of all relations of mutual responsibilities among working people in associated labor.

On this basis, it seems to me, the recent plenum of the LCY Central Committee did not "revive" the principle of equalization of economic operating conditions, because it was never withdrawn. Our development has simply eliminated from the demand for equalization of economic operating conditions those elements of leveling and statism which were in it. Comrade Knezevic rightly states that in 1960, and even now, there are fair-sized differences in economic operating conditions between industries or enterprises. But we as a society have not "thrown up our hands" as to draining off the income which a collective realizes because of special favoring conditions (for example, the market, rent, the effect of the average profit rate, and so on).

Thus the Law on Associated Labor states in Article 111:

Separate indications shall be made within the income of the basic organization of that portion of income which is the result of work under exceptionally favorable natural conditions, which is the result of exceptional favoring circumstances on the market, or is the result of other exceptional favoring circumstances in the realization of income so that it can be put to the purpose set forth in law or the self-management accord on entry into association.

A Strengthening of the State Nevertheless

Like other passages of the constitution and the Law on Associated Labor, the one pertaining to equalization of economic operating conditions demands a high level of activity on the part of the subjective forces, especially the League of Communists, if it is to be realized as fully as possible, and in this respect there are no small tasks to be performed in all industries, republics and provinces. This is another matter which can be debated: What ought to be done, and how should it be done? But I think there should be no dispute about the strategy outlined in recent years by the activity of the League of Communists and indeed of the entire class.

Relations between industries and groupings must to an ever greater degree be determined by the workers themselves on the basis of the self-management mechanism of the regulation and realization of income, constant consideration being given to the fact that our main social goal is to achieve the closest possible relation between income and work in all sectors, as far as we can. If this approach is taken to the problem, then there is no escaping Comrade Knezevic's conclusion concerning the character of the proposal, when he says: "One such element is adoption of a mandatory planning proportion and establishment of full balance between productive and nonproductive consumption. Such a decision, through conclusion of self-management compacts and accords, ought to be adopted at the level of the Federation and ought to be mandatory from the Federation to the OOUR."

Comrade Knezevic goes even a step further and proposes: "Along with the Chamber of Republics, delegates from groupings engaged in production of the same kind would have to participate on an equal footing in adoption of decisions of this kind at the federal level." Certain remarks have to be made about these two proposals. Comrade Knezevic rightly emphasizes that under our constitution "except for defense, security and foreign policy, the role of the state under the constitution has diminished, and in some sectors, at least as far as the Federation is concerned, it has been altogether abolished." Thus Comrade Knezevic was justified in putting the question: "... whether the policy of equalizing conditions of economic operation, were it adopted, would signify a new strengthening of the administration--to be precise, some type of centralization and strengthening of the state? In my opinion it would not."

Comrade Knezevic's optimism is commendable, but I think it is more realistic to believe that any increase in the competence of the state is always more apt to strengthen than to weaken it. Otherwise we would fall into the well-known theoretical sophism that the state can become weak even when it is becoming stronger. In that sense the second part of the proposal--that all of this should be agreed on in the Federal Assembly, "where delegates from groupings engaged in production of the same kind would participate on an equal footing"--represents only the legal expression of that strengthening of the state, and the manner in which it itself would not be increasing its jurisdiction at the expense of associated labor, but this very quickly would turn into a mechanism for arbitration over and above associated labor.

Finally, something which now appears democratic like "delegates from groupings" would very quickly become a factor which could jeopardize the delegate system as a whole, since this method of agreement by groupings might temporarily appear much more effective, but in fact it would make it easier for technocratic tieups in the associations formed within industries. Incidentally, we have quite a bit of experience to show that formation of associations within industries has in the recent past almost always led to one-sidedness and monopolistic pressure.

So, in my opinion, there is a need for greater activity to equalize economic operating conditions, but we must reject from this demand everything that is statist and essentially represents the well-known tendency toward centralism.

I do not believe that a demand for a little more statism can contribute to greater development of socialist self-management.

7045

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MONEY SUPPLY, CONSUMER CREDITS IN EIGHT-MONTH PERIOD

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 28 Sep 79 p 4

[Article by R. Vuksanovic: "Savings Are Increasing, While Consumer Credits Are on the Decrease"]

[Text] The financial strength of the population has been increasing in the last few years, along with its importance within total monetary resources of the country. This is basically the result of the increase in the material strength of the economy, which permitted a faster increase in citizens' incomes, creating conditions for the population to become an important factor in monetary and trade transactions. This has been confirmed by the fact that in the last 8 years the people have increased their participation in the monetary accumulation (the difference between total income and total expenditures) from 26 to 31 percent; and their participation in total savings (the difference between monetary accumulation and investment expenditures) from 35 to 67 percent.

In the first 8 months of 1979, the total financial resources of the citizens have increased by 42 billion dinars, or 13 percent. In this, the cash in circulation has increased by 12 percent, savings deposits in dinars by 11 percent, savings in foreign exchange by 16 percent, and other financial resources (such as trangler account, checks, etc.) by 12 percent. When compared to the same period last year, it is obvious that the financial resources of citizens, and especially savings in banks, are growing this year and that the rate of increase is faster.

The increase of savings in dinars is the result of the increase in the income of the population, and the result of constant activity on the part of our banks to accumulate available money, which is evident from the fact that in the first 8 months of this year savings deposits increased 11 percent at banks and about 9 percent at the Postal Savings. This shows the continued tendency for savings in banks to grow faster than savings in Postal Savings. However, since the Postal Savings has recently offered a number of new services to its customers (checking accounts, automatic utility bill payments, foreign exchange savings accounts, etc.), it is expected that its share of the total savings market will soon expand.

Time deposits continue to increase somewhat faster than sight deposits, primarily due to their higher interest rate for long-term savings.

In the period of January-August, an increase in savings deposits was recorded in Bosnia and Hercegovina (11 percent), Montenegro (10 percent), Croatia (11 percent), Macedonia (10 percent), Slovenia (11 percent), Serbia excluding the provinces (14 percent), and Vojvodina (4 percent). The only decrease, compared to December 1978, was recorded in the province of Kosovo (6 percent).

The tendency toward increased foreign exchange savings continues this year. During the first 8 months of this year, this type of savings in banks has increased by 17 billion dinars, or 16 percent.

After the tightening of consumer credits, there was a marked decrease in their use in the second half of this year. The decrease exceeded one billion dinars in July and August alone, causing the cumulative rate of increase to drop from 8 percent in the period of January-June to 5 percent for the period of January-September.

When examined regionally, consumer credits increased in the first 9 months of 1979 in all republics and in the autonomous province of Kosovo, decreasing only in Montenegro and Vojvodina. However, due to the enormous earthquake damage suffered by the population of Montenegro, it is expected that the measures taken to alleviate the consequences of the earthquake will cause a significant increase in the consumer credits there, in the fourth quarter of 1979.

Fig. 1 Monetary Resources of the Population (in millions of dinars)

	Status as of Aug 31, 1979	Increase Jan-Aug 1979	Aug 1979 Dec 1978	Aug 1979 Aug 1978
Cash in circ.	84,141	9,184	112	123
Dinar savings	138,460	13,251	111	128
Foreign exchange savings	124,199	17,496	116	139
Other resources	22,096	2,379	112	144
Total	368,896	42,310	113	131

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HIGH LOSS OF WORKERS IN METALLURGICAL, MINING INDUSTRY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 28 Sep 79 p 4

[Article by Mladen Bašić: "Too Few Experts for Big Plans"]

[Text] Underground mines lack even the unskilled labor. Specialists, few of whom can be found in the production process, mostly transfer to organizations outside of the economy. Personnel problems can be difficult to solve without an increase in wages and the standard of social services among the employees.

The building of new facilities and the growth of production also increase the number of employees in the ferrous and nonferrous metals industries. However, both industries are increasingly pressed with the problem of an inadequate work force, especially in mining and metallurgical sectors of production. The concern is not only about the lack of experts of middle and higher levels of education, or the lack of specialized personnel in the field of raw materials, but the enterprises engaged in underground mining, for example, do not have an adequate number of unskilled labor for current production. The ferrous metals industry is thereby faced with an increased lack of personnel, as is the nonferrous metals industry, whose personnel problems are already becoming a limiting factor in its development.

The depressed state of ferrous and nonferrous metallurgy, which has lasted for years, makes these branches of the economy unattractive to prospective employees, because salaries are inadequate in view of the difficult working conditions. Even in the most underdeveloped areas, with high unemployment rates, the mining enterprises located there have difficulty in securing the necessary number of miners, not to mention specialists. The increasing turnover in this field shows that because of the need to earn money, workers choose the mining and metallurgical industries as temporary employment only. It is hard to replace the experienced personnel in the ferrous and nonferrous metals industries, even if the number of younger but less experienced employees replacing them is greater, because the replacements need several years of training due to specialization in these industries, whether in the production itself or in administrative services. Grand plans but a lack of specialists is the problem facing these industries daily.

The Expert Turnover Is the Greatest

The Ferrous Metals Industry Trade Association of Yugoslavia, which employs over 100,000 people, improved its "skill structure" last year--the proportion of employees with higher education has increased from 10.5 to 10.8 percent. However, the latest analysis of the association indicates that all branches suffer from the inability to secure expert personnel suitable for the established systematization; not only is there a lack of personnel with higher education, but also a lack of highly skilled and skilled labor in various professions essential to the smooth flow of production.

On the professional or expert level, the ferrous metallurgical industry lacks electrical and mechanical engineers, economists and attorneys the most. On the level of skilled and highly skilled labor, there isn't a profession within the metallurgical and metals industries that does not lack adequate personnel. The future problem is even greater because few pupils opt for metallurgical professions within the aim-directed educational program at universities.

In order to insure the necessary personnel for existing and newly built plants, all enterprises engaged in the ferrous metals industry are devoting special attention to vocational training, requalification and advanced training of existing personnel, as well as to giving credits and scholarships to full and part-time students. The members of the Ferrous Metallurgical Association of Yugoslavia invested nearly 145 million dinars last year in various aspects of education. This obviously good personnel planning policy, however, is determined by the high turnover. The rate of turnover in the ferrous metals industry is presently about 10 percent, which is not so tragic when viewed as a whole, but when the expert category alone is examined, the turnover rate is extremely high, especially that of mechanical and electrical engineers, attorneys and economists. In some enterprises the rate of turnover in those fields is about 30 percent, and sometimes as high as 40 percent. Those who leave the ferrous metals industry most often find employment in organizations outside the economy, such as self-management interest communities, banks, federal institutions, and sociopolitical communities and organizations.

Wages Inadequate Given Working Conditions

In the nonferrous metals industry, a detailed work force analysis is only now being prepared, but some studies have been made of individual industries--copper, aluminum, lead, zinc and antimony industries--pointing to the fact that the situation in those industries is even worse than that in the ferrous metals industry, as are the results of their operations.

The social aspect of employment is more pronounced in the production of ore and nonferrous metals which affects labor productivity and the workers' incomes. Because of difficult working conditions, and because many industrial facilities for the nonferrous metals industry are located in the

most underdeveloped parts of the country, it is understandable that personnel problems are great, especially in mining and in processing of non-ferrous metals, where the average turnover in the workforce is 15 percent. The increased rate of departure of specialists, mostly to organizations outside of the economy, and the decreased influx of new personnel into these industries poses even greater problems than those of the ferrous metals industry. The lead, zinc, antimony and bauxite mining enterprises are feeling the worst effects, since their workforce has never been adequate.

The example of the "Rudnik" lead and zinc mine near Gornji Milanovac is a good illustration of the personnel situation of the industry as a whole. It is a small enterprise, not located in an underdeveloped region, as most of the lead and zinc mines are. For over a year "Rudnik" has had 50 positions open for miners, as well as for engineers, economists and attorneys. There have been few, if any, applications for those positions.

At "Jama" in Bor, where copper is mined underground, personnel of middle-level technical professions can earn over 2,000 dinars more than in surface mining, but there are few who decide to work in "Jama" although they may have been waiting at the Employment Bureau for a long period of time. Another example illustrating the personnel problems of the nonferrous metals industry is the fact that in the first round of enrollment and registration last year at the Mining-Metallurgical Faculty in Belgrade, only one student registered in the department of the underground mining.

Until wages are increased so that they are commensurate with working conditions, and until the standard of social services for workers is raised to a much higher level, especially at the basic level of production, neither the ferrous nor the nonferrous metals industries will solve their personnel problems. Without doubt, even greater help by sociopolitical communities is necessary to ease the operation of these industries. It is certain that these industries must look for solutions in greater income linkage with other enterprises within the framework of the reproductive complex--whether that means stronger linking of the basic and processing segment of production, or linkage with consumers of their products outside these industries. Without that, personnel problems will remain an enigma for which it will be difficult to find a solution.

[Inset]

Losses and Gains

Personnel leaving the ferrous metals industry most often find employment outside of the economy. In the "Zenica" mining-metallurgical combine they say that the influx of specialists in institutions outside the economy is not as much a gain for these institutions as their leaving is a loss to industrial enterprises.

They have good reason for such a statement at "Zenica." About 1,900 workers, mostly specialized personnel, left the "Zenica Ironworks" last year, and the same number left in the first 8 months of this year. Twenty economists have left "Zenica" in the last year and a half. Most of them joined institutions outside the economy, where they earn several thousand dinars more per year.

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